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**NOTICE OF INTENT TO CONDUCT  
MINOR COAL EXPLORATION**

WASATCH NATURAL RESOURCES FEE COAL LEASE  
KINNEY # 2 MINE

WASATCH NATURAL RESOURCES LLC  
(a Delaware Company)

A Subsidiary of New Horizon Coal Limited  
(an Australian Company)

June 2012

File in:

☐ Confidential

☐ Shelf

☒ Expandable

Date Folder 0628/12 C/ 0070047

*Incoming*

RECEIVED

JUN 28 2012

DIV. OF OIL, GAS & MINING

## INTRODUCTION

Wasatch Natural Resources (WNR), a Delaware corporation and a wholly owned subsidiary of New Horizon Coal Limited, registration number ABN 61 143 932 110, headquartered in Perth, Western Australia. WNR is submitting this Notice of Intent to Conduct Minor Coal Exploration to the Utah Division of Oil, Gas, and Mining (UDOGM) in order to obtain approval to conduct coal exploration and reclamation activities in the Spring/Summer of 2012. The type of exploration proposed is a combination of wire line continuous-core drilling, conventional rotary with spot-coring, and completion of groundwater monitor wells. Twelve drill sites have been chosen; holes will be drilled on nine of those sites. Results from the first drill holes will dictate which of the twelve sites will be occupied and drilled on. All of the drill sites are on fee land belonging to the one of two surface owners. Seven sites are on lands owned by the Telonis Family and five of the sites are on surface lands owned by Arthur Anderson. All of the holes, except one, are located within fee coal leased by WNR from Carbon County, a body politic. One hole is located on fee coal owned by the Telonis Family. This application is formatted to address the specific requirements of R645-201-200. Other related information is given in **Appendix A** through **D**. Five copies of this notice are submitted.

### **R645-201 Coal Exploration: Requirements for Exploration Approval**

The proposed exploration plan qualifies as minor exploration as described in the State of Utah Coal Mining Rules R645 section R645-201-200.

#### **R645-201-221**

The name, address and telephone number of the applicant are:

Wasatch Natural Resources LLC  
299 South Main Street  
Suite 1300  
Salt Lake City, UT 84111 (work) 970-260-0448

The applicant is the same as the operator of the proposed exploration plan.  
Correspondence regarding this exploration plan should be addressed to:

Gregory Hunt  
Wasatch Natural Resources LLC  
299 South Main Street  
Suite 1300  
Salt Lake City, UT 84111 (work) 970-260-0448

#### **R645-201-222**

The name, address and telephone number of the representative of the applicant who will be present during and be responsible for conducting the exploration is:

Gregory Hunt  
Wasatch Natural Resources LLC  
299 South Main Street  
Suite 1300  
Salt Lake City, UT 84111  
(work) 970-260-0448 (home) 979-856-9477

At times a consulting geologist may act as representative of the applicant. The UDOGM will be notified of the consulting geologist's name and address if one is used.

**R645-201-223**

The exploration area (Telonis Ridge Tract) is located adjacent to and east of the town of Scofield, and legally defined as follows:

**Township 12 South Range 7 East, Salt Lake Meridian**

Section 34	All
Section 35	S ½; W ½ NW ¼

**Township 13 South Range 7 East, Salt Lake Meridian**

Section 3	NW ¼
Section 4	SE ¼ NW ¼; S ½ NE ¼ NW ¼; S ½ N ½ NE ¼; S ½ NE ¼; SE ¼; E ½ SW ¼
Section 9	NW ¼ SE ¼

Containing 1,650 acres more or less.

The exploration area is located entirely within Carbon County as shown on **Figure 1** ("Proposed Drill Holes w/ Property Ownership") which shows the proposed locations of the twelve (9) drill sites. Drill sites P-2012-1, P-2012-2, and P-2012-12 are located on private surface land owned by the Anderson family. P-2012-3, P-2012-4, P-2012-6, P-2012-8, P-2012-9, P-2012-10 are located on lands owned by the Telonis Family and administered by their attorney in fact, Nick Sampinos.

All proposed drill sites, except one, are located on Carbon County Fee Coal under Lease to WNR. Site P-2012-8 is located on Fee Coal owned by the Telonis Family as shown on **Figure 2**. Access and usage agreements for the Anderson Property, Telonis Property and the Jacobs Property are included as **Appendix (A)**. The Jacobs Property agreement is an Access Only agreement allowing WNR to cross the Jacobs Lands to reach the Anderson Property.

The proposed exploration area lies within the Wasatch Plateau physiographic province and encompasses several drainages. UP Canyon drains westward directly into Mud Creek, while Long Canyon and Miller Canyon drain northward then westward into Scofield Reservoir. Jump Creek drains eastward into Beaver Creek. Topography in the area is mountainous with narrow north-south trending ridges and deep canyons. Elevation ranges from approximately 8000 ft. to 8800 ft.

The exploration area is underlain by sedimentary rocks of late Cretaceous age. Two formations crop out in the area including the coal-bearing Blackhawk Formation and the overlying Price River Formation. At least two potentially mineable coal seams occur in the area including the UP and Hiawatha seams.

Regional dip of strata in the area dip 3 to 4 degrees northeast. Numerous faults have been identified in the area. A number of igneous dike zones also exist in the exploration area.

Rock types are predominantly sandstones, siltstones, shale and coal.

Vegetation in the exploration area occurs in the Mountain Brush and White Fir/Spruce plant communities. The exploration area is important habitat for raptors, elk, mule deer, cougar, bobcat, black bear, and small mammals.

**R645-201-225**

Threatened, endangered, or special interest species in the exploration area include the goshawk, sage grouse, bald eagle and peregrine falcon. Exploration and reclamation activities will not occur within one half mile of known breeding and nesting areas during breeding or nesting periods. **Appendix B** (confidential file). No Mexican Spotted owls are known to occur in the area.

The proposed drill holes will not impact any cultural sites or structures. Abajo Archeology has completed a cultural resource evaluation on and near the proposed drill sites and access roads and is attached in **Appendix C** (Confidential File).

**R645-201-224**

A timetable for exploration related activities is given below. It is anticipated that exploration activities will start on approx. June 29, 2012. This timetable may vary somewhat depending on factors such as weather.

<b>WNR 2012 DRILLING, COMPRESSED SCHEDULE</b>									
<b>EVENT</b>	<b>WEEKS</b>								
	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>	<b>6</b>	<b>7</b>	<b>8</b>	<b>9</b>
Pad Construction									
Mobilization-Demobalization									
Drilling									
Reclamation									

**R654-201-225**

The general method to be followed during drill hole exploration, reclamation, and abandonment is:

1. Prepare drill sites, including mud pit, and any short segments of access road needed, as shown on **Fig. 3**
2. Mobilize drill rig, pipe truck, water truck, and set up core trailer
3. Drill and log holes
4. Complete hole as groundwater monitor well if elected
5. Reclaim drill sites and temporary access roads unless monitor wells then roads remain for future access to monitor well

Drilling will be accomplished utilizing a combination of truck mounted conventional rotary plug drilling with spot core of coal seams and immediate enclosing strata, and continuous wireline-core techniques for retrieving core from near collar to total depth of hole.

Plug drilling will be accomplished with a truck mounted conventional rig capable of drilling to excess of 1,500 feet and retrieving spot core using conventional coring techniques. Continuous core drilling will be accomplished using a truck mounted wire-line core rig. Both rigs will have necessary support equipment such as rod trays, supply trailers, portable water tanks, fuel tanks, etc.

The drilling procedure will be; plug drill to core depth or continuously core to total depth utilizing water, foam, polymer, and/or mud as drilling medium.

Core drilling will involve a truck-mounted 1,000 ft rated core drill, one or two 1,000 gal. poly water

tanks (or similar), up to two water trough-type mudtanks, and 4 to 6 drill rod trays or a pipe truck. A mud pit will be constructed as a "backstop" to contain any effluent the poly tanks can't handle, thus preventing any drilling medium from escaping the drill pad. Other support equipment will include two to three supply trailers parked at one of the two staging areas, up to 5 pick-up trucks, and a geophysical logging truck. The drilling procedure for the exploration hole will be to plug drill to core depth or continuously core to total depth. A minimum of 20 feet of surface casing will be set in the rotary holes and up to 200 ft. of surface casing will be set in each continuous core hole depending on the hole conditions.

Water will be used under WNR Scofield Water rights and hauled from either Mud Creek, from a temporary diversion point at a bridge crossing within Scofield City Limits, or from a second temporary diversion point at Miller Creek from a location adjacent to Highway 92.

Fifth-wheel supply trailers or transport trailers will carry the equipment, including drills, drill steels, coring equipment, drilling additives, cutting and welding equipment, and other supplies to the staging area. One pick-up truck will be used for each drill rig by the drillers to carry personnel, fuel, and supplies and two to two pickup trucks will be used by the dirt contractor. The logging contractor will use a single axle 1 ton rated truck. The company representative and geological consultant will also use pick-up trucks for transportation.

The only coal to be removed during exploration activities will be cores. Cores will be nominally 2.0 inches (NX) in diameter. Given an approximate projected thickness of 11 ft. for an average of combined UP Seam and Hiawatha Seam intercepts from nine drill holes and a total of 13 projected intercepts, a total of 230 lbs of coal will be removed, per the following calculation:

$$\begin{aligned} \text{Volume of coal in ft}^3 \text{ in one core hole} &= \pi r^2 h \\ &\Rightarrow 3.14 \times 0.0833^2 \times 11.0 = \mathbf{0.23986 \text{ ft}^3} \\ \text{Where: constant } \pi &= 3.14 \\ \text{radius of core } r &= 0.0833 \text{ ft.} \\ \text{height of core } h &= 11 \text{ ft.} \end{aligned}$$

$$\begin{aligned} \text{Density of coal relative to density of water} &= 1.39 \\ &\Rightarrow 1.39 \times 62.439 = \mathbf{86.79 \text{ lbs / ft}^3} \\ \text{Where: Density of water} &= 62.439 \text{ lbs / ft}^3 \end{aligned}$$

$$\begin{aligned} \text{Short Tons of Coal in one seam intercept} &= (\text{volume in ft}^3 \times \text{density of coal in ft}^3) / 2,000 \\ &\Rightarrow 0.23986 \times 86.79 / 2000 = 0.01040877 \text{ short tons per intercept} \end{aligned}$$

$$\text{Total Short Tons removed from twelve intercepts} = 0.01040877 \times 11 = \mathbf{0.1144964 = (230 \text{ lbs.})}$$

Several temporary access roads will be constructed to connect pad site to existing roads as shown on **Figures 1 and 2.**

Regulations cited in R645-202-232 relative to roads will be followed as they apply. Disturbance to wildlife will be minimized by utilizing the existing roads and trails and constructing only short stump roads to extent from existing roads to pad sites. No wetlands or riparian are known along the

Wasatch Natural Resources LLC

**Telonis Ridge Tract**  
2012- Field Season  
Proposed Drill Holes  
w/Property Ownership

DRAWN BY: Gregory Hunt    DATE: 06-26-2012  
APPROVED BY: Gregory Hunt    DATE: 06-26-2012

FILE: Drill Plan 2012 V16 NOLDWG

0 2,000 ft  
SCALE

Contour Interval 20 ft

This map is in the Kinney Coordinate System (KCS). It was projected from State Plane NAD83 to a vertical datum of 8,000 ft using a Combined Factor (CF) of 1.0047927. To project back, add 7,999,000 to Northing and 1,700,000 to Easting, then multiply by the CF.

**LEGEND**

P-2012-1  
Planned 2012 Drill Hole  
w/Planned Access Road  
to be constructed

Existing Road

Planned Staging Area

"Telonis Ridge"  
Exploration Tract  
Boundary

Surface Ownership

Arthur Anderson

Telonis Estate

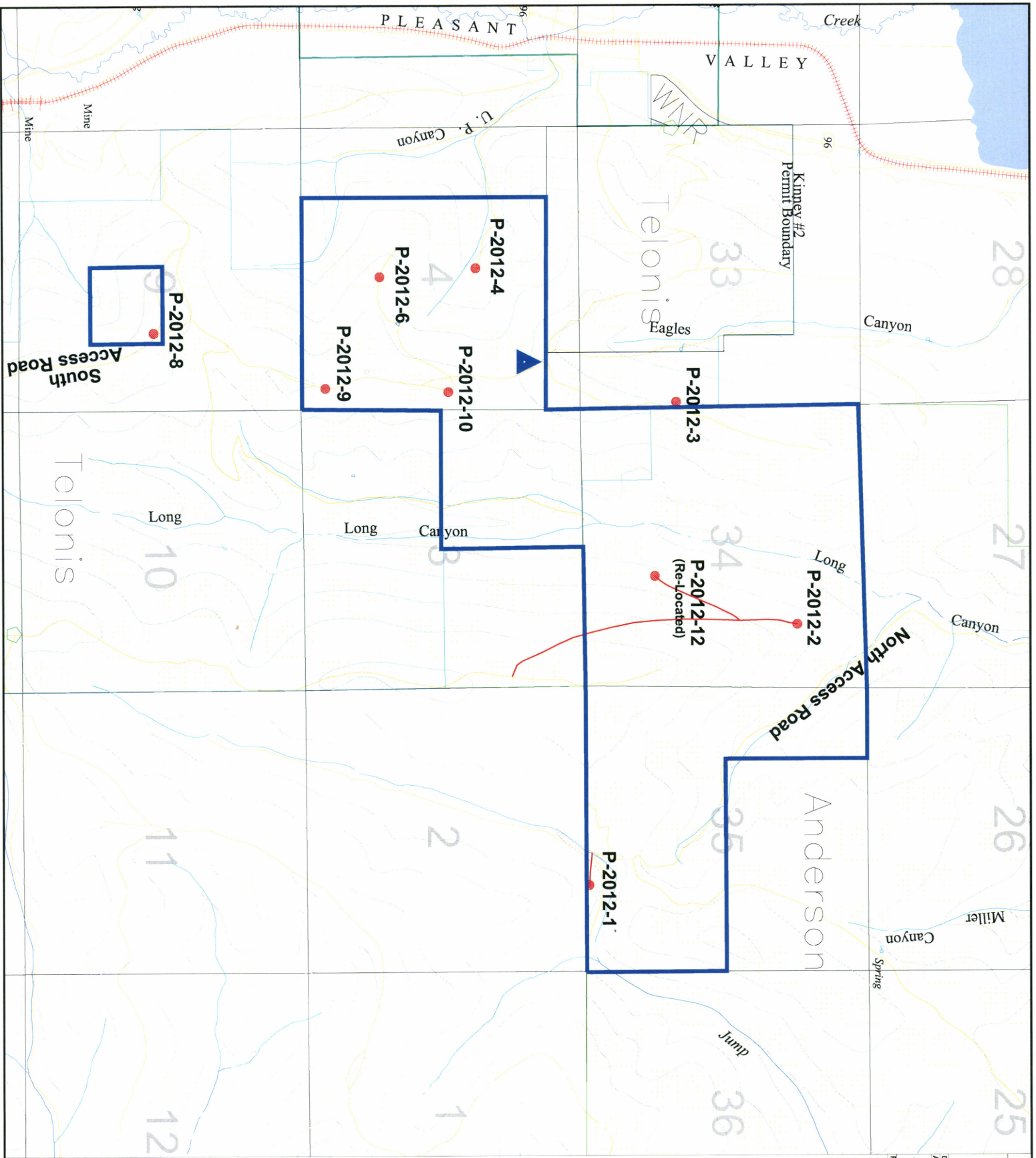


FIGURE 1

**Telonis Ridge Tract**  
2012- Field Season  
Proposed Drill Holes  
w/Coal Ownership

DRAWN BY: Gregory Hunt DATE: 06-26-2012  
APPROVED BY: Gregory Hunt DATE: 06-26-2012

FILE: Drill Plan 2012 V10 NOI COAL Owner.dwg



0 2,000 ft  
SCALE

Contour Interval 20 ft

This map is in the Kinney Coordinate System (KCS). It was projected from State Plane NAD83 to a vertical datum of 8,000 ft, using a Combined Factor (CF) of 1.0047927. To project back, add 7,000,000 to Northing and 1,700,000 to Easting, then multiply by the CF.

**LEGEND**

P-2012-1

Planned 2012 Drill Hole  
w/Planned Access Road  
to be constructed

Existing Road



Planned Staging Area

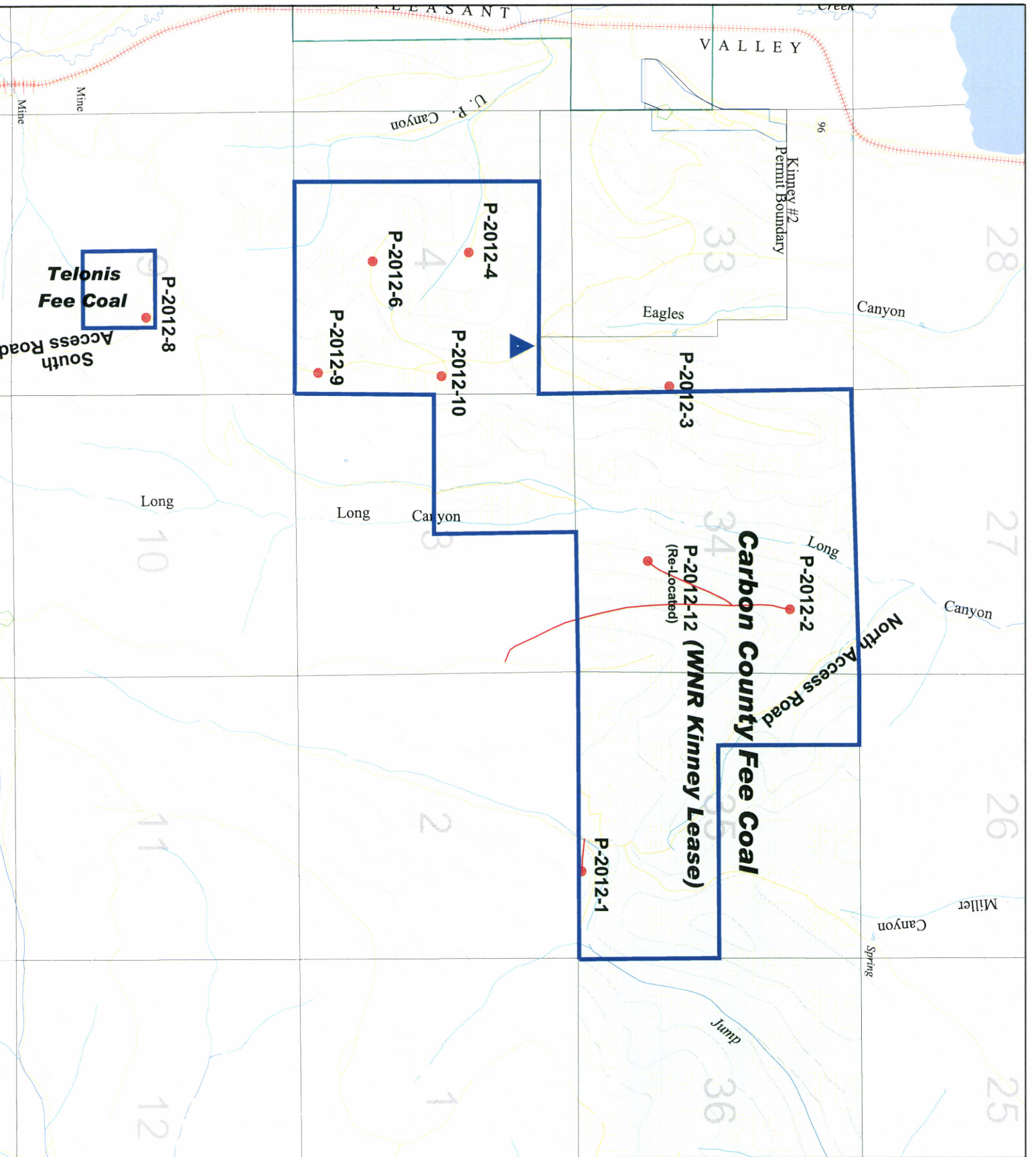
"Telonis Ridge"  
Exploration Tract  
Boundary

Coal Ownership

Wasatch Natural Resources

Telonis Estate

**FIGURE 2**



proposed routes. No utility or support facilities are present in the area.

Reclamation will occur as soon as possible upon completion of drilling operations. Reclamation will include filling in any excavations and reseeding the disturbed surface with the approved seed mix. No damage to public or private property will occur.

The drill pads will be set-up approximately as shown on **Figure 3**. Earth excavation for the drill site will be a maximum of 75 feet wide by 100 feet long. The topsoil that may be removed will be stored and replaced upon completion of drilling. A mud pit will be excavated at each site as backup to the portable mudtanks. Cuttings will be logged then buried in the mud pit at each site upon completion of drilling.

Reclamation is an integral part of the exploration activities and will progress as contemporaneously as practical with the other exploration activities. Upon completion of the hole, all excavations will be filled in to original contour, topsoil replaced, all equipment will be removed, and all trash will be hauled away. An approved seed mix will then be applied to the drill area. At the locations that are completed as groundwater monitor wells, an interim reclamation will occur. That is, the ground will be re-contoured to approximate original contour, some topsoil will be spread around the outer portion of the reclaimed pad. The main topsoil pile will be held in reserve for future final reclamation.

There will be no diversion of overland flows.

It is not anticipated that acid- or toxic- forming materials will be encountered during exploration because none have been encountered previously. Samples of drill core will be analyzed for acid- and toxic-forming materials. These samples will be taken from the 10ft. interval above and below each seam of mineable thickness.

The method of revegetation is intended to encourage prompt revegetation and recovery of a diverse, effective, and permanent vegetative cover. The following seed mix was prescribed, and approved, by the UDOGM for the 2005 Kinney Exploration License and will be utilized unless otherwise directed:

<b>Seed Mix</b>	
<u>Common and Scientific Names</u>	<u>Pounds Pure Live Seed per Acre</u>
Thickspike Wheatgrass	5
<i>Elymus lanceolatus ssp. Lanceolatus</i>	
Winterfat	3
<i>Krascheninnikovia lanata</i>	
Creeping Wild Rye	3
<i>Leymus triticoides</i>	
Northern sweetvetch	1
<i>Hedysarum boreale</i>	
Sheep Fescue	2

*Festuca ovina*

*Indian Ricegrass*  
*Achnatherum hymenoides*

3

*Elymus elymoides*  
*Bottlebrush squirreltail*

3

**Total 20 lbs PLS**

The pure live seed (PLS) rating will be 99% containing a maximum of 1% weeds, none of which are toxic and only seed meeting the State Seed Act will be used. Certification tags will be retained by the permittee. The vegetative cover resulting from this seed mix is considered capable of stabilizing the soil surface from erosion.

Figures 1 & 2 show location of the proposed drill sites, and equipment staging area.

Upon completion of drilling, the holes will be plugged and abandoned with a cement bentonite, or cement/bentonite slurry to full depth. A brass tag will be placed at the top of the drill hole stating the operator's name, drill hole number, and legal description. The tag will be placed in cement at ground level.

#### **DISTURBANCE MATRIX, WNR 2012 Exploration Plan**

(V-10, 25 June 2012 GLH)

Proposed Hole	Proposed Drill Pads				Proposed Road Construction				Total
	Width	Length	Sq. Ft.	Pad Acres	Length	Width	Sq. Ft.	Acres	Acres
P-2012-1	75	100	7500	0.172	1,012	20	20,240	0.465	0.637
P-2012-2	75	100	7500	0.172	2,255	20	45,100	1.035	1.208
P-2012-3	75	100	7500	0.172	0	20	0	0.000	0.172
P-2012-4	75	100	7500	0.172	0	20	0	0.000	0.172
P-2012-6	75	100	7500	0.172	0	20	0	0.000	0.172
P-2012-8	75	100	7500	0.172	0	20	0	0.000	0.172
P-2012-9	75	100	7500	0.172	0	20	0	0.000	0.172
P-2012-10	75	100	7500	0.172	0	20	0	0.000	0.172
P-2012-12	75	100	7500	0.172	2,840	20	56,800	1.304	1.476
<b>TOTALS</b>				<b>1.550</b>	<b>6,107</b>			<b>2.804</b>	<b>4.354</b>

The main drill hole diameter for the conventional rotary holes will be nominally 6.5 inch with approximately 20 feet of 10 inch surface casing will be set. The main hole diameter for the continuous core holes will be 2.4 inch. Approximately 100 to 200 ft. of surface casing (3 inch) will be set in these holes. Estimated depth and other drill hole information is given in the following table. Total disturbed area will be approximately 4.3 acres as detailed on the following table .

There are no occupied dwellings or pipelines located in the exploration area. The permittee or his representative will have a copy of this Notice of Intention To Conduct Minor Coal Exploration while in the exploration area available for review by an authorized representative of the Division by request.

**R645-203-200**

Wasatch Natural Resources requests that the Division not make any drilling information available for public inspection relative to coal seam thickness or quality. This information is considered crucial to Wasatch Natural Resources competitive rights.

**R645-202.230**

No adverse impacts to stream channels will occur during water pumping or drilling activities. An approved "Temporary Change of Water" is in place with the Division of Water Rights (**Appendix D**). It is projected that approx. 2.0 acre/ft. of water will be utilized during the project.

**R645-202-231**

A cultural resource survey has been conducted for the area on and near the drill hole sites. A copy of the cultural resource survey is included in **Appendix C** (confidential). Threatened, endangered, and sensitive plant and animal survey information has been developed during Carbon Resources Mine permit application, approved by the Division 30 June 2011.). A helicopter raptor survey completed by DNR in 2006 identified eight nests in the exploration area (**Appendix B**, confidential. WNR will conduct an occupancy inventory of nests within ¼ mile of drill sites prior to commencing pad construction and or drilling at these sites. Should a nest of listed species be occupied (have eggs) WNR will consult with UDOGM before commencing operations on that specific site.

**R645-202-232**

Per the table above, approximately 4,651 feet of access road construction is planned for this project.

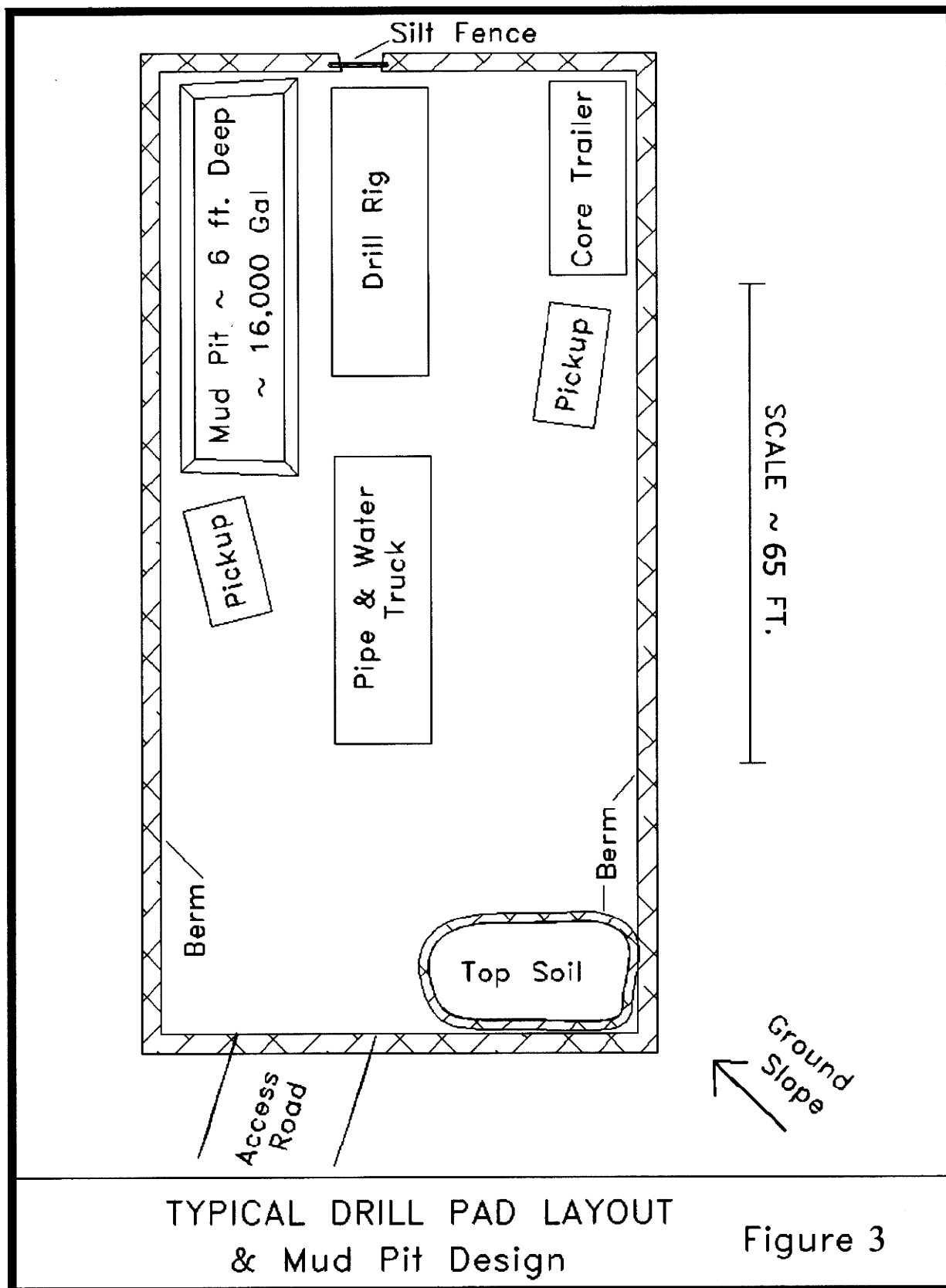
**R645-202-235 (R645-301-624.210, R645-301-73 1.121 , R645-301-731.215))**

Geologic logs of drilling will be kept. Any appreciable water encountered during drilling will be logged, noting depth, geology, and estimated flow. Any such zones will be evaluated for potential water monitoring. Any drill hole that encounters significant water will be converted to a ground water monitor well and added to the Kinney # 2 monitoring program.

Installation and materials will conform to the guidelines set forth by the State Engineer in the ADMINISTRATIVE RULES FOR WATER WELL DRILLERS , Adopted July 15, 1987.

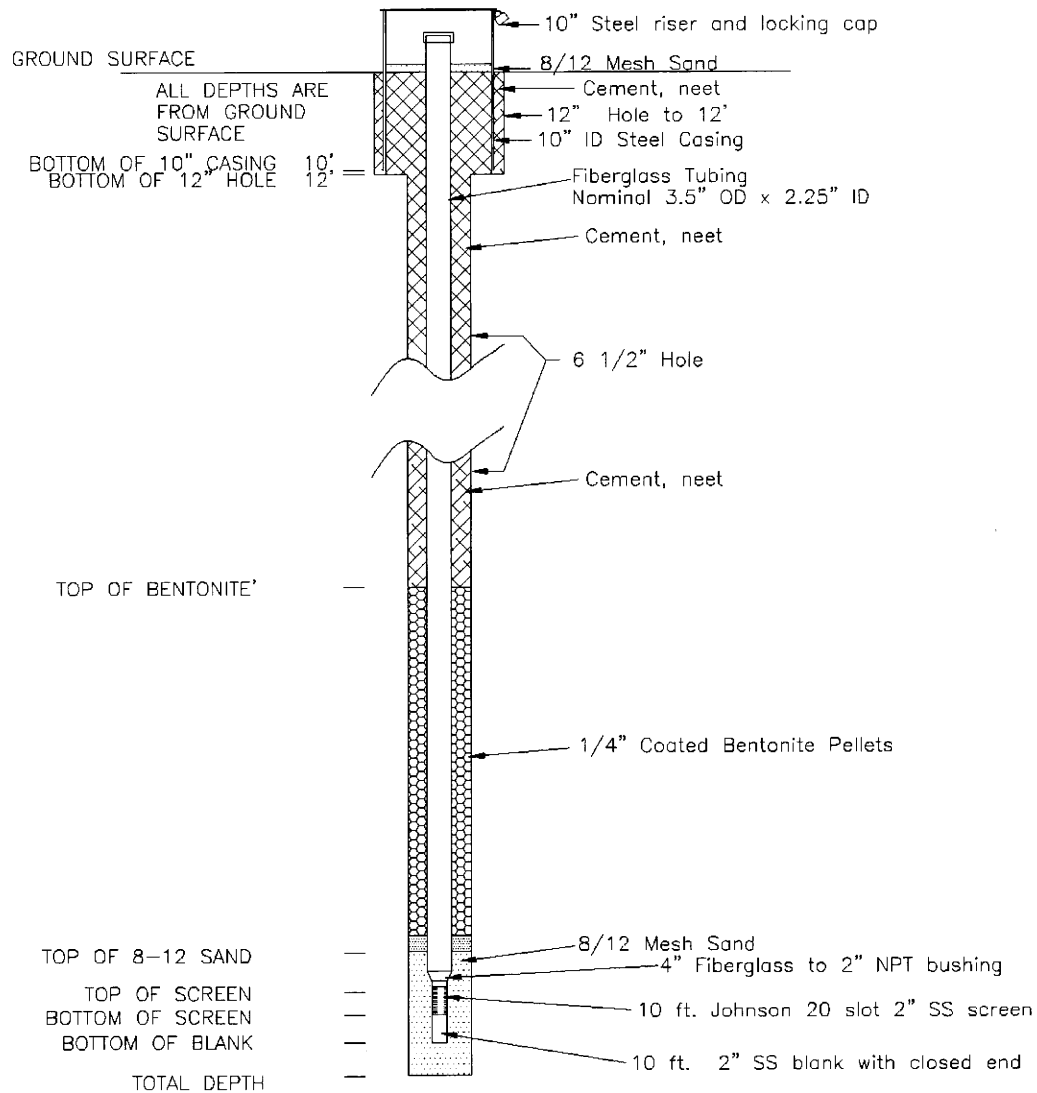
The monitor wells will be completed as shown on **Figure 4** (Ground Water Monitor Well Detail) with nominal 3.5 inch fiberglass tubing, for corrosion resistance, and a ten foot section of approved two inch well screen, near but not at the bottom of the hole. A ten foot blank will be placed at bottom of the hole. Alternatively in the shallow ground water monitor wells, three inch PVC tubing and a PVC well screen will be used.

Sand or gravel will be used as filter pack and emplaced in the annular space between the borehole and well screen, extending at least two feet above the top on the well screen. A bentonite seal at least two feet thick, will be emplaced on top of the filter pack. The annular space between the well pipe and bore hole will be grouted to surface with a bentonite and cement mix or straight cement grout. Both methods are approved by the State Engineer.



# Example Monitor Well Completion Diagram Planned WNR Completions

NOT TO SCALE



8000 ft Elevation Datum  
E.  
N.  
Ground Surface, ELEV.

WNR LLC  
2012 Monitor Wells  
EXAMPLE

DWG	BWL
CKD	
APD	

DATE: 2-24-12

Drawing Loc: Drilling Phase 1\Completion Diagrams\WNR-12-Example.dwg

FIGURE 4

If the drill hole begins to make excess water, such water will be pumped to a tank at the staging area. From there it will be hauled to an approved waste water disposal site. At no time will excess drill water generated in the drill hole be allowed to run on topsoil on the surface.

**R645-301-525-200**

No major utilities pass over, under, or through the exploration area. Use of roads and development of the exploration site will not disrupt or damage any utility service.

**R645-30 1-527.230**

Roads utilized as part of this minor coal exploration plan will be maintained in a safe condition, including proper control of fugitive dust to minimize effects to fish, wildlife, and related environmental values.

**R645-301-731.100**

An approved Temporary Change of Water for water to be used in the drilling process is in place (**Appendix D**).

**R645-301-742.410 thru 742.420**

Minimal surface disturbance will be required for the drilling project. Disturbance will be limited to the drillsite, access roads and staging area. No changes will occur to drainage patterns. As shown on **Figure 3**, the drill pad setup will have a berm such that it will not allow water runoff to the surrounding soils. No perennial or intermittent stream drainages will be crossed. Excess water will be removed and placed in the drill water tank for use in the drilling process or hauled to an approved waste water disposal site. Contributions of suspended solids will not occur.

The potential for water pollution will be minimized by keeping pollutants away from the drill hole and in their containers. Materials used during drilling operations will be selected to be as non-polluting as possible. All spills of polluting materials will be removed from the area and properly disposed of.

Drill fluids and/or cuttings will be contained within mudtanks and or mudpits. If necessary, excess fluids will be pumped out and excess drill cuttings and core will be hauled off and disposed of properly.

Wasatch Natural Resources will retain all drill and geophysical logs .

## APPENDIX A

### Access and Use Agreements

Telonis Family

Arthur Anderson

Paul and Carolyn Jacob

## ACCESS AGREEMENT

**THIS ACCESS AGREEMENT**, dated May 31, 2012, is by and between Angelo G. Telonis, Thomas G. Telonis and John G. Telonis (Telonis Family) by Nick Sampinos, Attorney-in-fact, of 190 North Carbon Avenue, Price, UT 84501 ("Owner") and Wasatch Natural Resources LLC, a Delaware corporation, having a place of business at 299 South Main Street, Suite 1300, Salt Lake City, UT 84111 ("WNR").

### RECITALS

Owner is the owner of surface lands ("Telonis Surface Lands") located near Scofield, UT, legally described in Exhibit A ("the Property");

WNR is the owner or leaseholder of coal rights owned by Carbon County, Utah, located beneath a portion of the Telonis Surface Lands, and is currently in the process of developing the Kinney #2 Mine;

WNR desires a license to access the Telonis Surface Lands for the purposes of exploring and prospecting for coal, including but not limited to drilling holes to retrieve geological data which may include, bore-hole geophysical logs, core recovery to determine the presence and quality of coal, and the mechanical properties of rock enclosing the coal. Should groundwater be encountered in any of the holes drilled WNR desires to complete said holes as groundwater monitoring wells to allow collection of data in support of a permit to mine the coal. The planned exploration activities also include field mapping, by a field geologist, and the potential of acquiring EM data from traverses collected by a two to three man team walking straight lines (traverses) across the ground with handheld instruments, for purposes of locating faults (collectively, the "Drilling Operations");

The approximate, proposed location of drill holes and road extensions, as well as a planned staging area, are shown on that certain map entitled "Telonis Ridge Tract, 2012 - Field Season, Proposed Drill Holes w/ Property Ownership" dated February 23, 2012, attached hereto as Exhibit B.

Owner is willing to permit WNR temporary access to the Property for the purposes of conducting exploration and drilling operations on the Telonis Surface Lands; and

Should any of the drill holes be completed as groundwater monitor wells, Owner is hereby providing a continuing and ongoing license to access those monitoring wells until the monitoring wells are no longer needed to meet requirements of UDOGM mine permit per the terms of this agreement.

**NOW THEREFORE**, in consideration of the stated recitals, and for other good and valuable consideration, the parties hereto agree as follows:

1. The above recitals are incorporated herein as if fully set forth herein.
2. Except as set forth in Paragraph 7 below, Owner hereby grants WNR, its agents, employees,

representatives and contractors, and all equipment as may be reasonably necessary, the right to access, ingress, egress and cross over, in and through those specific portions of the Property as described in Exhibit B, reasonably necessary to conduct Drilling Operations for a period commencing May 15, 2012 and ending no later than August 10, 2012.

3. WNR will construct drill pads adjacent to existing roads on the Property leading to the planned drilling sites with exception of planned drill holes P-2012-5, 6, 11, and 12 where (480, 325, 500, and 300 ft. of road respectively) a total of 1,630 ft. of new road will need to be constructed. A map of the proposed drill sites is attached as Exhibit B, and Exhibit C, which is a table detailing planned road and drill pad construction. The planned staging area, which will involve disturbance of an area measuring no more than 75 feet by 100 feet, is also shown on Exhibit B.
4. WNR may relocate any drill holes based upon the findings or results of the drill holes actually drilled, and provided the following two preconditions are met: (1) WNR obtains necessary environmental and/or other regulatory approvals required for potential drill hole(s) in locations not shown on Exhibit B, and (2) WNR obtains the prior written approval of Owner, which will not be unreasonably withheld.
5. WNR may exercise its right to access the Property at any time during the duration of this Agreement; provided, however, that WNR desires to complete the exploration project at the soonest possible date and will use only that portion of the allotted time necessary to complete the work and not more. Except as provided in Paragraph 8, this agreement shall terminate upon the completion of Drilling Operations and any remediation of areas disturbed by Drilling Operations as required by applicable statutes and regulations.
6. Upon execution of this agreement, Owner will provide WNR with all relevant gate codes to facilitate access to the Property. WNR's access into the Property for the Drilling Operations shall be facilitated through the silver colored gate situated in the southwest corner of the Property, immediately adjacent and west of an old corral, or through the switchback road; provided, however, that the switchback road access may not be used for access to the Property by drill rigs. Both gate locations are shown on Exhibit B attached hereto.
7. In consideration of the access provided, WNR shall pay Owner the sum of \$2,000.00 Dollars (Two Thousand Dollars US) per each hole actually drilled (for a total of eight (8), \$16,000.00 for drill holes), and the sum of \$1.50 (One Dollar and Fifty Cents US) per linear foot of road to be constructed (for a total of \$1,957.00), and the sum of \$6,000.00 (Six Thousand Dollars US) for mapping and traverse access. The total consideration to be paid by WNR to Owner pursuant to this Paragraph 7 is \$23,957.50 (Twenty Three Thousand Nine Hundred Fifty-Seven Dollars US) ("Access Payment"). WNR shall pay the Access Payment to Owner prior to first accessing the Property pursuant to this Agreement. If WNR cannot reasonably complete its drilling program of eight (8) drill holes prior to August 10, 2012, then Owner agrees that WNR shall have the right to access the Property during the period from May 15, 2013 to August 10, 2013, to complete the Drilling Operations described herein (i) subject to all the terms and conditions agreed to herein; and (ii) without paying any additional consideration to Owner to complete the Drilling Operations.
8. In addition to the rights of access provided in Paragraph 2 above, in consideration for the ongoing or continuing right to access, maintain, monitor, sample, plug and

remediate monitoring wells completed and used for groundwater sampling as a result of the Drilling Operations, for wells drilled hereunder on Telonis Surface Lands, WNR agrees to pay the amount of \$375.00 (Three Hundred Seventy Five Dollars US), per well, per calendar year to Owner for access to each said monitoring well. This right of access and payment of same will expire when UDOGM no longer requires monitoring of said monitor wells and WNR has plugged and/or remediated such monitoring wells in accordance with applicable statutory and regulatory requirements. All such payments shall be made in advance on or before December 15 of each year, commencing December 15, 2012.

9. As further consideration, WNR shall reimburse Owner for Owner's attorney and Attorney-in-fact, Nick Sampinos, to review this agreement, and communicate with Owner and WNR. Such reimbursement shall be made upon execution of this agreement and shall be in the one-time amount of \$2,000.00 (Two Thousand Dollars US). Such payment shall be made in conjunction with the Access Payment.
10. With regard to drill hole P-2012-8, which drill hole is located on private coal owned by the Owner, WNR will provide copies, at no cost to the Owner, of all geologic and geotechnical data generated from drilling and analyzing said drill hole. Said information shall be provided within sixty (60) days of the completion of said drill hole.
11. In exercising its access rights, WNR shall:
  - a. Conduct the Drilling Operations in a good and workmanlike manner and in compliance with all applicable UDOGM regulations and all other federal, Utah state laws and local ordinances, rules and regulations;
  - b. To the extent reasonably possible commensurate with WNR completing its intended work, conduct the Drilling Operations in a manner which does not unduly interfere with Owner's use of the Property in the manner it was used prior to this agreement;
  - c. Minimize surface disturbance to the extent possible. WNR will disturb an area measuring no more than seventy five feet by one hundred feet (75'x100') as well as such road construction reasonably necessary to connect each site to the existing road as detailed on Exhibit C. Any new roads constructed shall not exceed twenty (20) feet in width;
  - d. To the extent existing trails and roads on the Property are used by WNR to conduct the Drilling Operations, restore such existing trails and roads which are used by WNR to a condition reasonably equal to or better than they were prior to such use;
  - e. As soon as reasonably possible following the completion of drilling activities, reclaim roads, trails, drill pads and other surface disturbances created by WNR in accordance with WNR's reclamation plan filed with the Division of Oil, Gas and Mining;
  - f. For those drill holes converted to groundwater monitor wells, drill pads will be reclaimed in accordance with applicable statutory and regulatory requirements as

"interim reclamation" retaining a small topsoil pile for future final reclamation, and roads will be maintained for access to the monitor wells for the usable life of the monitor wells. Roads and pads used for groundwater monitor wells will receive final reclamation at the end of useful life of the monitor wells.

- g. Limit its use of the property to the minimum amount reasonably necessary to fulfill its intended purposes;
- h. Instruct its employees, agents and contractors that the following activities are not allowed on the Telonis Surface Lands (i) hunting, fishing or camping on the Property; (ii) bringing firearms, recreational ATV vehicles, or dogs onto the property; (iii) maintaining open fires on the Property; (iv) driving vehicles on the property at excess speeds;
- i. Take reasonable precautions, including fencing if necessary, to minimize the potential of injuries to livestock as a direct result of drilling; and
- j. Instruct its employees, agents and contractors to leave open gates open and closed gates closed after passing through.
- k. In exercising the right of continued access to the groundwater monitor wells completed as a result of this drilling program, WNR shall, prior to each sampling and monitoring outing to the Property, contact Owner, or Owner's designated representative, to coordinate the work so as to minimize potential impact on Owner's other uses of the Property.
- l. All drilling fluids and mud shall be handled in accordance with UDOGM regulations. No fluids, mud, soil or other substances created or derived from operations conducted off of the Property shall be deposited on the Property.
- m. No debris, slash, or any other materials shall be burned on the Property.
- n. If required by DOGM, line with plastic any reserve or drilling pits used on the Property. Excavated material shall be replaced within thirty (30) days of finalization of completion of operations at the associated well pad.
- o. Install culverts at drainage crossings in connection with any new road construction as herein provided and shall be sized to prevent obstruction to the free flow of water. WNR will protect all water sources, including all springs, creeks and ponds from all drilling and operational activities and shall immediately remedy any diversion, curtailment or blockages of water flows or contamination of water sources.
- p. Use the best available methods, other than hard surfacing, but including daily spraying of water, on existing and new roads and well pads to limit dust.
- q. Restore any affected area to its approximate pre-disturbance topography and re-seed all such areas with appropriate native grasses in accordance with the guidance of the UDOGM, and the commercially reasonable requests of the Owner, which comply with such guidance.

- r. Be responsible for controlling of all noxious weeds on all areas of its operations, including existing and new roads and all well pads. WNR shall implement and maintain control procedures before the noxious weeds go to seed.
- 12. WNR shall not be responsible for any remediation of any condition of the Property related to the use of the Property or any roads or drill pads constructed thereon as part of the Drilling Operations, by Owner's other licensees, lessees, invitees, representatives, agents, or employees, or by other third party users of the Property whose access to the Property was not allowed, in part, by WNR.
- 13. WNR will indemnify, defend and hold harmless Owner for any loss, injury or damage of any nature or any kind whatsoever that may be asserted against Owner by anyone as a result of access to the Property by WNR, its employees, agents or contractors. Notwithstanding the foregoing, WNR shall not be held liable to the extent any loss, injury or damage was caused by the negligence or willful misconduct of Owner.

Except for the damages covered by this Agreement, WNR shall be liable for any injury to persons, property, or livestock, to the extent such injury is caused by the negligence of WNR, its agents, employees, contractors, or subcontractors ("WNR Group") on the Property. WNR shall indemnify and hold harmless Owner from and against any and all present and future liability, damages, costs, expenses, fines, penalties and fees (including without limitation reasonable attorney and consultant fees) incurred by or asserted against Owner to the extent arising from or regarding or relating to WNR's use of the wells, well pad(s) or roads or any other rights granted by this Agreement ("Claims"). Such indemnification shall extend to and encompass, but shall not be limited to, all Claims which arise under the common law or other laws designed to protect the environment and public health or welfare including, without limitation, the following laws (as amended) and any regulation promulgated under their authority: Endangered Species Act of 1973 (16 U.S.C. § 1531, *et seq.*); Clean Water Act (33 U.S.C. § 1252, *et seq.*); Clean Air Act (42 U.S.C. § 741, *et seq.*); National Environmental Policy Act (42 U.S.C. § 4321, *et seq.*); Comprehensive Environmental Response, Compensation and Liability Act (42 U.S.C. § 9601, *et seq.*); Solid Waste Disposal Act (42 U.S.C. § 6901, *et seq.*); Toxic Substance Control Act (16 U.S.C. § 2601, *et seq.*); Safe Drinking Water Act (42 U.S.C. § 300f, *et seq.*); Occupational Safety and Health Act (29 U.S.C. § 651, *et seq.*); and any applicable state or local statutes, regulations or ordinances. WNR shall defend Owner against any such Claims whether brought or asserted by federal, state or local governmental bodies or officials, or by private persons, which are asserted pursuant to or brought under any such laws. All of WNR's obligations stated in this paragraph 13 shall survive termination of this Agreement.

- 14. WNR agrees to pay Owner reasonable amounts to reimburse Owner for direct costs, liability and expenses incurred by Owner for damages to third persons for which Owner may be required to pay, which were caused by act or omission on the part of WNR or its contractors arising out of exercises of the access rights. Both parties expressly waive all special, indirect or consequential damages. In the event a third party asserts a claim related to the Drilling Operations, Owner shall promptly give WNR notice thereof and tender the defense of that claim to WNR, who may contest or settle such claim at its sole discretion. In the event that Owner is adjudged to be liable to said third party as a result solely of the Drilling Operations, WNR agrees to pay and discharge such liability.
- 15. WNR, or its contractors, will hold and maintain insurance policies covering the Drilling Operations inclusive of the following coverages:

Comprehensive General Liability	\$1,000,000	bodily injury or death (per occurrence)
Automotive Liability	\$1,000,000	bodily injury or death (per occurrence)
Workers Compensation		per Utah law
Umbrella Liability	\$4,000,000	

Angelo G. Telonis, Thomas G. Telonis and John G. Telonis shall be named as additional insureds and the insurance policy shall provide a minimum of 30 days advanced written notice to the Owner, or Owner's designee, of cancelation of said insurance policy.

16. Owner, and its representatives, agents, other licensees and/or invitees shall not interfere with the conduct of the Drilling Operations. Moreover, Owner acknowledges that certain safety, occupational, and other rules and regulations are applicable to the conduct of such Drilling Operations, and agrees to fully comply with such rules and regulations within the drill pads and other areas disturbed for the conduct of the Drilling Operations. WNR acknowledges that livestock grazing may occur on the Property during Drilling Operations.
17. This agreement and the rights of the parties under it shall be governed and interpreted in accordance with the laws of the State of Utah, by the Seventh District Court of Carbon County, Utah. In the event of a dispute involving or related to any term or condition of this Agreement, the non-breaching party shall be entitled to recover its reasonable costs and attorney fees, including post-judgment collection costs, in addition to actual damages.
18. All notices, payments and other required communications ("Notices") to the parties hereto shall be in writing and addressed respectively to the other party at the address set forth in this Agreement. All Notices shall be personally delivered or mailed, postage prepaid, certified and return receipt requested, and shall be effective upon receipt.
19. In the event of alleged default by WNR in the payment of the sums due hereunder and above provided to be made or in the obligations to be performed, Owner shall notify WNR by certified mail, return receipt requested, of the alleged default. Operator shall then have thirty (30) days from its receipt of the written notification in which to cure the default or otherwise respond to the notification. If WNR fails to dispute or otherwise respond to the notification or to cure the default within the thirty (30) days provided, this Agreement, at the option of the Owner, upon an additional fifteen (15) days written notice to WNR, may be terminated and be of no further force or effect. If this Agreement is terminated, WNR will be denied further access to the Property until the parties have entered into a mutually satisfactory resolution.
20. It is understood and agreed that the scope of this agreement is limited to the activities mentioned herein; that it shall not alter, change or impair WNR's rights under applicable laws as lessee of mineral (coal) rights in the Property or otherwise, and that it shall not be construed as a waiver of those rights, it being understood of the parties that each retains all other rights, claims and defenses which would have been available but for this agreement.
21. This agreement contains the entire agreement of the parties and supersedes all prior agreements and understandings between the parties with respect to the matter hereof. Provided however, that the terms and conditions of this agreement are expressly subject to applicable law and regulations related to the activities herein contemplated.

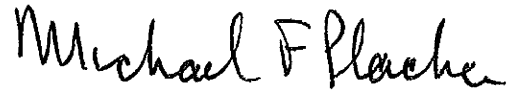
22. No amendment or modification to this agreement shall be effective unless provided in writing and signed by the parties hereto.
23. This agreement shall be binding on the successors and assignees of the parties; this agreement shall not be assigned by WNR without Owner's prior written consent, which consent shall not be unreasonably withheld.
24. Owner represents that, as of the date here, it owns the Property in fee simple and that no other party has an interest in the Property that would require their signature to this agreement.
25. The parties will execute such further and other documents and take such further and other actions as may be reasonably necessary to carry out and give effect to the intent of this agreement.
26. This agreement may be executed and delivered via facsimile or e-mail (pdf) in multiple counterparts which, when taken together, shall be considered an original. A manual signature on this agreement, an image of which shall have been transmitted electronically, will constitute an original signature for all purposes. The delivery by electronic transmission of copies of this agreement, including executed signature pages, will constitute effective delivery of this agreement for all purposes.

**[Signature Page Follows; Remainder of Page Intentionally Left Blank]**

[Signature Page to Access Agreement]

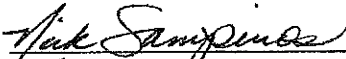
IN WITNESS WHEREOF, the parties hereby make and execute this agreement as of the date first written above:

**Wasatch Natural Resources LLC**



Michael F. Placha  
President & Chief Executive Officer

**Angelo G. Telonis**  
**Thomas G. Telonis**  
**John G. Telonis**

By:   
Nick Sampinos, their Attorney in Fact, \_\_\_\_\_

## EXHIBIT A

### Legal description of Telonis Surface Lands

Such lands are located East of the town of Scofield in central Utah and are legally defined as follows:

Township 12 South Range 7 East, Salt Lake Meridian

Section 33	S $\frac{1}{2}$ ; S $\frac{1}{2}$ of NW $\frac{1}{4}$ ; SW $\frac{1}{4}$ of NE $\frac{1}{4}$
Section 34	SW $\frac{1}{4}$ of SW $\frac{1}{4}$

Township 13 South Range 7 East, Salt Lake Meridian

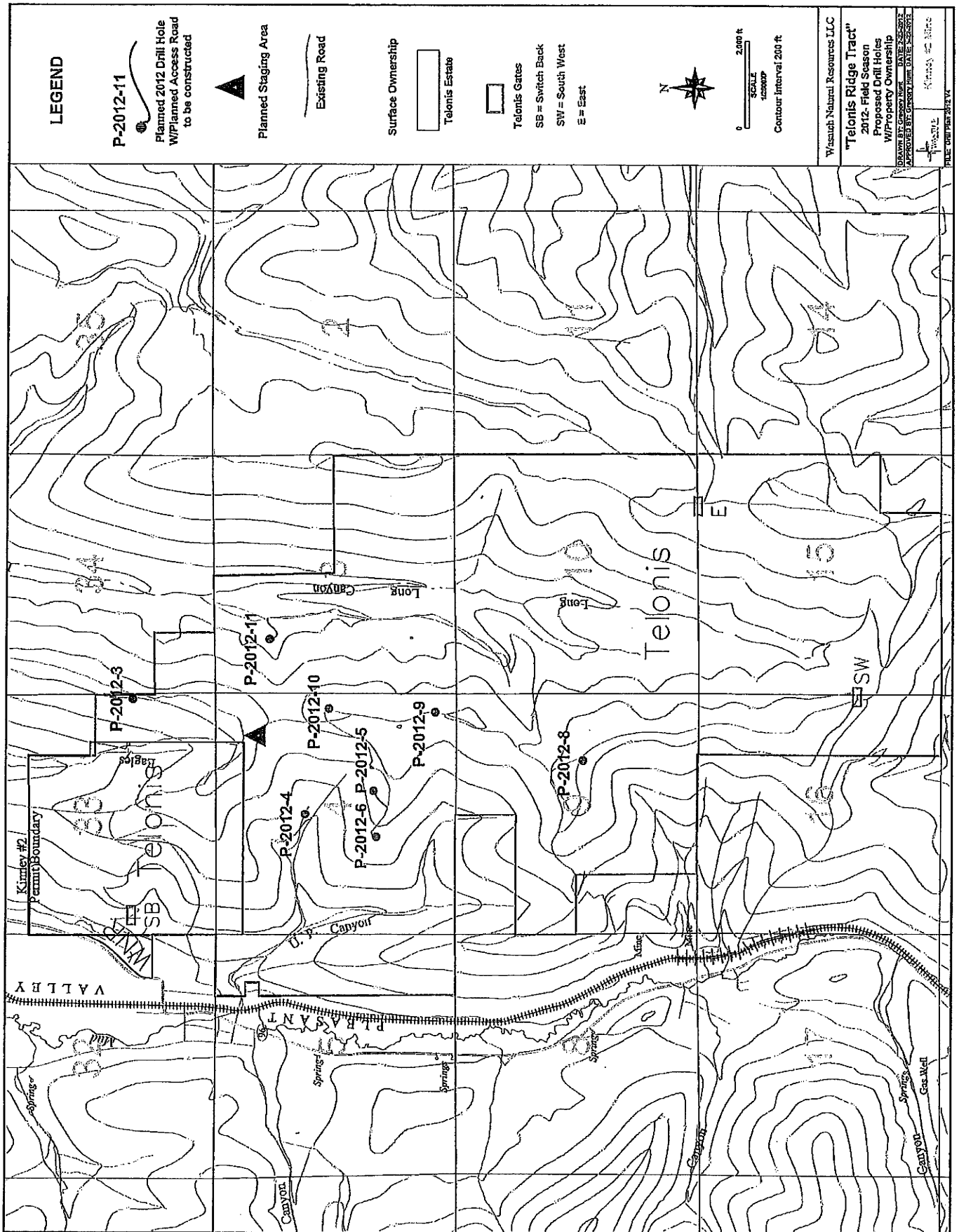
Section 3	S $\frac{1}{2}$ ; NW $\frac{1}{4}$
Section 4	ALL
Section 5	E $\frac{1}{2}$ of SE $\frac{1}{4}$ ; SE $\frac{1}{4}$ of NE $\frac{1}{4}$ ; N $\frac{1}{2}$ of NE $\frac{1}{4}$ of NE $\frac{1}{4}$ ; SE $\frac{1}{4}$ of NE $\frac{1}{4}$ of NE $\frac{1}{4}$ ; S $\frac{1}{2}$ of SE $\frac{1}{4}$ of NE $\frac{1}{4}$ of N $\frac{1}{4}$ ; NE $\frac{1}{4}$ of SE $\frac{1}{4}$ of NE $\frac{1}{4}$ of N $\frac{1}{4}$
Section 9	E $\frac{1}{2}$ ; E $\frac{1}{2}$ of SW $\frac{1}{4}$ ; S $\frac{1}{2}$ of NW $\frac{1}{4}$
Section 10	ALL
Section 15	N $\frac{1}{2}$ ; SW $\frac{1}{4}$ ; N $\frac{1}{2}$ of SE $\frac{1}{4}$ ; SW $\frac{1}{4}$ of SE $\frac{1}{4}$
Section 16	E $\frac{1}{2}$ of E $\frac{1}{2}$

Containing 3,605 acres more or less.

Note: Lands owned by Telonis within Section 32, T 12 South Range 7 East, Salt Lake Meridian, were omitted from this description and are not a part of this agreement.

EXHIBIT B

Map entitled "Telonis Ridge Tract, 2012 - Field Season,  
Proposed Drill Holes w/Property Ownership



**EXHIBIT B**

## EXHIBIT C

### EXHIBIT C, Wasatch Natural Resources LLC 2012 Exploration Plan

Telonis Property (21 May 2012 GLH)

Proposed Hole	Proposed Drill Pads				Proposed Road Construction				Total Acres
	Width	Length	Sq. Ft.	Pad Acres	Length	Width	Sq. Ft.	Acres	
P-2012-3	75	100	7500	0.172	0	20	0	0.000	0.172
P-2012-4	75	100	7500	0.172	0	20	0	0.000	0.172
P-2012-5	75	100	7500	0.172	480	20	9,600	0.220	0.393
P-2012-6	75	100	7500	0.172	325	20	6,500	0.149	0.321
P-2012-8	75	100	7500	0.172	0	20	0	0.000	0.172
P-2012-9	75	100	7500	0.172	0	20	0	0.000	0.172
P-2012-10	75	100	7500	0.172	0	20	0	0.000	0.172
P-2012-11	75	100	7500	0.172	500	20	10,000	0.230	0.402
<b>TOTALS</b>				<b>1.377</b>	<b>1,305</b>			<b>0.599</b>	<b>1.977</b>

## ACCESS AGREEMENT

THIS ACCESS AGREEMENT, dated 21st June 2012, is by and between Arthur Anderson residing at 4190 South Fortuna Way, SLC UT 84124 ("Owner") and Wasatch Natural Resources LLC, a Delaware corporation, having a place of business at 299 South Main Street, Suite 1300, Salt Lake City, UT 84111 ("WNR").

### RECITALS

Owner is the owner of surface lands located in the area of Scofield, UT, legally described in Exhibit A ("the Property");

WNR is the owner or leaseholder of coal rights owned in Carbon County, Utah, located beneath all or a portion of the Property and is currently in the process of developing the Kinney #2 Mine on coal owned by Carbon County underlying the Property;

WNR desires a license to access the Property for the purposes of exploring and prospecting for coal, including but not limited to drilling holes to retrieve geological data which may include, bore-hole geophysical logs, core recovery to determine the presence and quality of coal, and the mechanical properties of rock enclosing the coal. Should groundwater be encountered in any of the holes drilled WNR desires to complete said holes as groundwater monitoring wells to allow collection of data in support of a permit to mine the coal. The planned exploration activities also include field mapping, by a field geologist, and the potential of acquiring EM data from traverses collected by a two to three man team walking straight lines (traverses) across the ground with handheld instruments, for purposes of locating faults (collectively, the "Drilling Operations");

The approximate, proposed location of drill holes and road extensions are shown on that certain map entitled Telonis Ridge Tract, 2012 - Field Season, Proposed Drill Holes w/ Property Ownership dated June 5, 2012, attached hereto as Exhibit B.

Owner is willing to permit WNR temporary access to the Property for the purposes of conducting exploration and Drilling Operations on the Property; and

Should any of the drill holes be completed as groundwater monitor wells, Owner is hereby providing a continuing and ongoing license to access those monitoring wells until the monitoring wells are no longer needed to meet requirements of UDOGM mine permit per the terms of this agreement.

**NOW THEREFORE**, in consideration of the stated recitals, and for other good and valuable consideration, the parties hereto agree as follows:

1. The above recitals are incorporated herein as if fully set forth herein.
2. Except as set forth in Paragraph 7 below, Owner hereby grants WNR, its agents, employees, representatives and contractors, and all equipment as may be reasonably necessary, the right to access, ingress, egress and cross over, in and through those specific portions of the Property described in Exhibit B reasonably necessary to conduct Drilling Operations for a period commencing June 15, 2012, and ending no later than September 15, 2012. The parties acknowledge and agree that this grant of access in no way modifies, restricts, alters,

limits, waives, or otherwise changes any such real estate rights which WNR may hold or possess with regard to the Property.

3. WNR will construct drill pads on the Property with a total of 8,462 ft. of new road (P-2012-1, 1,012 ft.; P-2012-2, 5,640 ft; and P-2012-12 (relocated), 1,810 ft.). A map of the proposed drill sites is attached as Exhibit B. Also attached as Exhibit C is a table detailing planned road and drill pad construction.
4. WNR may relocate any drill holes based upon the findings or results of the drill holes actually drilled, and provided the following two preconditions are met: (1) WNR obtains necessary environmental and/or other regulatory approvals required for potential drill holes in locations not shown on Exhibit B, and (2) WNR obtains the prior written approval of Owner, which will not be unreasonably withheld.
5. WNR may exercise its right to access the Property at any time during the duration of this agreement; provided, however, that WNR desires to complete the exploration project at the soonest possible date and will use only that portion of the allotted time necessary to complete the work and not more. Except as provided in Paragraph 8, this agreement shall terminate upon the completion of Drilling Operations and any remediation of areas disturbed by Drilling Operations as required by applicable statutes and regulations.
6. Upon execution of this agreement, Owner will provide WNR with all relevant gate codes and/or keys, as applicable, to facilitate access to the Property.
7. In consideration of the access provided, WNR shall pay Owner the sum of \$2,000.00 Dollars (Two Thousand Dollars US) per each hole actually constructed (for a total of 3 drill pads, \$6,000.00 for drill sites) and the sum of \$1.50 (One Dollar and Fifty Cents US) per linear foot of road to be constructed (for a total of \$12,693.00), and the sum of \$6,000 (Six Thousand Dollars US) for mapping and traverse access. The total consideration to be paid by WNR to Owner pursuant to this Paragraph is \$24,693.00 (Twenty-Four Thousand Six Hundred Ninety-Three Dollars US ("Access Payment")). WNR shall pay the Access Payment to Owner with seventy-two (72) hours of execution of this Agreement by both parties and prior to first accessing the Property pursuant to this Agreement. If WNR cannot reasonably complete its drilling program of three (3) drill holes, or mapping and traverses prior to September 15, 2012, then Owner agrees that WNR shall have the right to access the Property during the period from May 15, 2013 to August 10, 2013, to complete the Drilling Operations described herein (i) subject to all the terms and conditions agreed to herein; and (ii) without paying any additional consideration to Owner to complete the Drilling Operations.
8. In addition to the rights of access provided in Paragraph 2 above, in consideration for the ongoing or continuing right to access, maintain, monitor, sample, plug and remediate monitoring wells completed and used for groundwater sampling as a result of the Drilling Operations, for wells drilled on Property, WNR agrees to pay the amount of \$375.00 (Three Hundred Seventy-Five Dollars US), per well, per calendar year to Owner for access to each said monitoring well. This right of access and payment of same will expire when UDOGM no longer requires monitoring of said monitor wells and WNR has plugged and/or remediated such monitoring wells in accordance with applicable statutory and regulatory requirements. All such payments shall be made in advance on or before December 15 of each year, commencing December 15, 2012.

9. As further consideration, WNR shall reimburse Owner for Owner's attorney, Nick Sampinos, to review this agreement, and communicate with Owner and WNR. Such reimbursement shall be made upon execution of this agreement and shall be in the one-time amount of \$1,000.00 (One Thousand Dollars US). Such payment shall be made in conjunction with the Access Payment.
10. In exercising its access rights, WNR shall:
  - a. Conduct the Drilling Operations in a good and workmanlike manner and in compliance with all applicable UDOGM regulations and all other federal, Utah state rules, laws and local ordinances, rules and regulations;
  - b. To the extent reasonably possible commensurate with WNR completing its intended work, conduct the Drilling Operations in a manner which does not unduly interfere with Owner's use of the Property in the manner it was used prior to this agreement;
  - c. Minimize surface disturbance to the extent possible. For each drill pad constructed WNR will disturb an area measuring approximately seventy-five feet by one hundred feet (75'x100') as well as such road construction to connect the site to the existing road as detailed on Exhibit C. Any new roads constructed shall not exceed twenty (20) feet in width;
  - d. To the extent existing trails and roads on the Property are used by WNR to conduct the Drilling Operations, restore such existing trails and roads which are used by WNR to a condition reasonably equal to or better than they were prior to such use;
  - e. As soon as reasonably possible following the completion of drilling activities, reclaim roads, trails, drill pads and other surface disturbances created by WNR in accordance with WNR's reclamation plan filed with the UDOGM;
  - f. For those drill holes converted to groundwater monitoring wells, drill pads will be reclaimed in accordance with applicable statutory and regulatory requirements as "interim reclamation" retaining a small topsoil pile for future final reclamation, and roads will be maintained for access to the monitoring wells for the usable life of the monitoring wells. Roads and pads used for groundwater monitoring wells will receive final reclamation at the end of the useful life of the monitoring wells;
  - g. Limit its use of the property to the minimum amount reasonably necessary to fulfill its intended purposes;
  - h. Instruct its employees, agents and contractors that the following activities are not allowed on the Property (i) hunting, fishing or camping in the Property; (ii) bringing firearms or recreational ATV vehicles (not used in conjunction with WNR's exploration activities); (iii) maintaining open fires on the Property; or (iv) driving vehicles on the property at excess speeds;
  - i. Take reasonable precautions, including fencing if necessary, to minimize the potential of injuries to livestock as a direct result of drilling; and

- j. Instruct its employees, agents and contractors to leave open gates open and closed gates closed after passing through.
  - k. In exercising the right of continued access to the groundwater monitoring wells completed as a result of this drilling program, WNR shall, prior to each sampling and monitoring outing to the Property, contact Owner to coordinate the work so as to minimize potential impact on Owner's other uses of the Property.
  - l. All drilling fluids and mud shall be handled in accordance with UDOGM regulations. No fluids, mud, soil or other substances created or derived from operations conducted off of the Property shall be deposited on the Property.
  - m. No debris, slash, or any other materials shall be burned on the Property.
  - n. If required by DOGM, line with plastic any reserve or drilling pits used on the Property. Excavated material shall be replaced within thirty (30) days of finalization of completion of operations at the associated well pad.
  - o. Install culverts at drainage crossings in connection with any new road construction as herein provided and shall be sized to prevent obstruction to the free flow of water. WNR will protect all water sources, including all springs, creeks and ponds from all drilling and operational activities and shall immediately remedy any diversion, curtailment or blockages of water flows or contamination of water sources.
  - p. Use the best available methods, other than hard surfacing, but including daily spraying of water, on existing and new roads and well pads to limit dust.
  - q. Restore any affected area to its approximate pre-disturbance topography and re-seed all such areas with appropriate native grasses in accordance with the guidance of the UDOGM, and the commercially reasonable requests of the Owner, which comply with such guidance.
10. WNR shall not be responsible for any remediation of any condition of the Property related to the use of the Property or any roads or drill pads constructed thereon as part of the Drilling Operations, by Owner's other licensees, lessees, invitees, representatives, agents, or employees, or by other third-party users of the Property whose access to the Property was not allowed, in part, by WNR.
11. WNR will indemnify, defend and hold harmless Owner for any loss, injury or damage of any nature or any kind whatsoever that may be asserted against Owner by anyone as a result of access to the Property by WNR, its employees, agents or contractors. Notwithstanding the foregoing, WNR shall not be held liable to the extent any loss, injury or damage was caused by the negligence or willful misconduct of Owner.

Except for the damages covered by this Agreement, WNR shall be liable for any injury to persons, property, or livestock, to the extent such injury is caused by the negligence of WNR, its agents, employees, contractors, or subcontractors ("WNR Group") on the Property. WNR shall indemnify and hold harmless Owner from and against any and all present and future liability, damages, costs, expenses, fines, penalties and fees (including without limitation

reasonable attorney and consultant fees) incurred by or asserted against Owner to the extent arising from or regarding or relating to WNR's use of the wells, well pad(s) or roads or any other rights granted by this Agreement ("Claims"). Such indemnification shall extend to and encompass, but shall not be limited to, all Claims which arise under the common law or other laws designed to protect the environment and public health or welfare including, without limitation, the following laws (as amended) and any regulation promulgated under their authority: Endangered Species Act of 1973 (16 U.S.C. § 1531, et seq.); Clean Water Act (33 U.S.C. § 1252, et seq.); Clean Air Act (42 U.S.C. § 741, et seq.); National Environmental Policy Act (42 U.S.C. § 4321, et seq.); Comprehensive Environmental Response, Compensation and Liability Act (42 U.S.C. § 9601, et seq.); Solid Waste Disposal Act (42 U.S.C. § 6901, et seq.); Toxic Substance Control Act (16 U.S.C. § 2601, et seq.); Safe Drinking Water Act (42 U.S.C. § 300f, et seq.); Occupational Safety and Health Act (29 U.S.C. § 651, et seq.); and any applicable state or local statutes, regulations or ordinances. WNR shall defend Owner against any such Claims whether brought or asserted by federal, state or local governmental bodies or officials, or by private persons, which are asserted pursuant to or brought under any such laws. All of WNR's obligations stated in this paragraph 13 shall survive termination of this Agreement.

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13. 12. WNR, or its contractors, will hold and maintain insurance covering the Drilling Operations in the following coverages:

Comprehensive General Liability	\$1,000,000 bodily injury or death (per occurrence)
Automotive Liability	\$1,000,000 bodily injury or death (per occurrence)
Workers Compensation	per Utah law
Umbrella Liability	\$4,000,000

Owner shall be named as an additional insured and the insurance policy shall provide a minimum of 30 days advanced written notice to the Owner of cancelation of said insurance policy. Proof of insurance coverage shall be submitted to Owner prior to WNR's commencement of Drilling Operations.

14. Owner, and its representatives, agents, other licensees and/or invitees shall not interfere with the conduct of the Drilling Operations. Moreover, Owner acknowledges that certain safety, occupational, and other rules and regulations are applicable to the conduct of such Drilling Operations, and agrees to fully comply with such rules and regulations within the drill pads and other areas disturbed for the conduct of the Drilling Operations. WNR acknowledges that livestock grazing may occur on the Property during Drilling Operations.

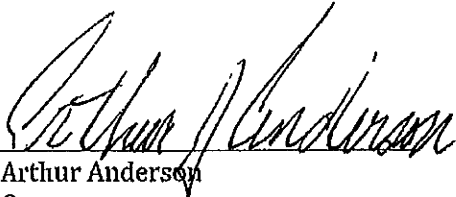
15. This agreement and the rights of the parties under it shall be governed and interpreted in accordance with the laws of the State of Utah, by the Seventh District Court of Carbon County, Utah. In the event of a dispute involving or related to any term or condition of this Agreement, the non-breaching party shall be entitled to recover its reasonable costs and attorney fees, including post-judgment collection costs, in addition to actual damages.
16. All notices, payments and other required communications ("Notices") to the parties hereto shall be in writing and addressed respectively to the other party at the address set forth in this Agreement. All Notices shall be personally delivered or mailed, postage prepaid, certified and return receipt requested, and shall be effective upon receipt.
17. In the event of alleged default by WNR in the payment of the sums due hereunder and above provided to be made or in the obligations to be performed, Owner shall notify WNR by certified mail, return receipt requested, of the alleged default. Operator shall then have thirty (30) days from its receipt of the written notification in which to cure the default or otherwise respond to the notification. If WNR fails to dispute or otherwise respond to the notification or to cure the default within the thirty (30) days provided, this Agreement, at the option of the Owner, upon an additional fifteen (15) days written notice to WNR, may be terminated and be of no further force or effect. If this Agreement is terminated, WNR will be denied further access to the Property until the parties have entered into a mutually satisfactory resolution.
18. It is understood and agreed that the scope of this agreement is limited to the activities mentioned herein; that it shall not alter, change or impair WNR's rights under applicable laws as lessee of mineral (coal) rights in the Property or otherwise, and that it shall not be construed as a waiver of those rights, it being understood of the parties that each retains all other rights, claims and defenses which would have been available but for this agreement.
19. This agreement contains the entire agreement of the parties and supersedes all prior agreements and understandings between the parties with respect to the matter hereof. Provided however, that the terms and conditions of this agreement are expressly subject to applicable law and regulations related to the activities herein contemplated.
20. No amendment or modification to this agreement shall be effective unless provided in writing and signed by the parties hereto.
21. This agreement shall be binding on the successors and assignees of the parties; this agreement shall not be assigned by WNR without Owner's prior written consent, which consent shall not be unreasonably withheld.
22. Owner represents that, as of the date here, it owns the Property in fee simple and that no other party has an interest in the Property that would require their signature to this agreement.
23. The parties will execute such further and other documents and take such further and other actions as may be reasonably necessary to carry out and give effect to the intent of this agreement.
24. This agreement may be executed and delivered via facsimile or e-mail (pdf) in multiple counterparts which, when taken together, shall be considered an original. A manual

signature on this agreement, an image of which shall have been transmitted electronically, will constitute an original signature for all purposes. The delivery by electronic transmission of copies of this agreement, including executed signature pages, will constitute effective delivery of this agreement for all purposes.

**[Signature Page Follows; Remainder of Page Intentionally Left Blank]**

**[Signature Page to Access Agreement]**

IN WITNESS WHEREOF, the parties hereby make and execute this agreement as of the date first written above:



Arthur Anderson  
Owner

**Wasatch Natural Resources LLC**

---

Michael F Placha  
President & Chief Executive Officer

**[Signature Page to Access Agreement]**

IN WITNESS WHEREOF, the parties hereby make and execute this agreement as of the date first written above:

Arthur Anderson  
Owner

**Wasatch Natural Resources LLC**

*Michael F Placha*

Michael F Placha  
President & Chief Executive Officer

20 June 2012

## EXHIBIT A

### Legal description of Property

The Anderson Property is legally defined as follows:

#### Township 12 South, Range 7 East, Salt Lake Meridian

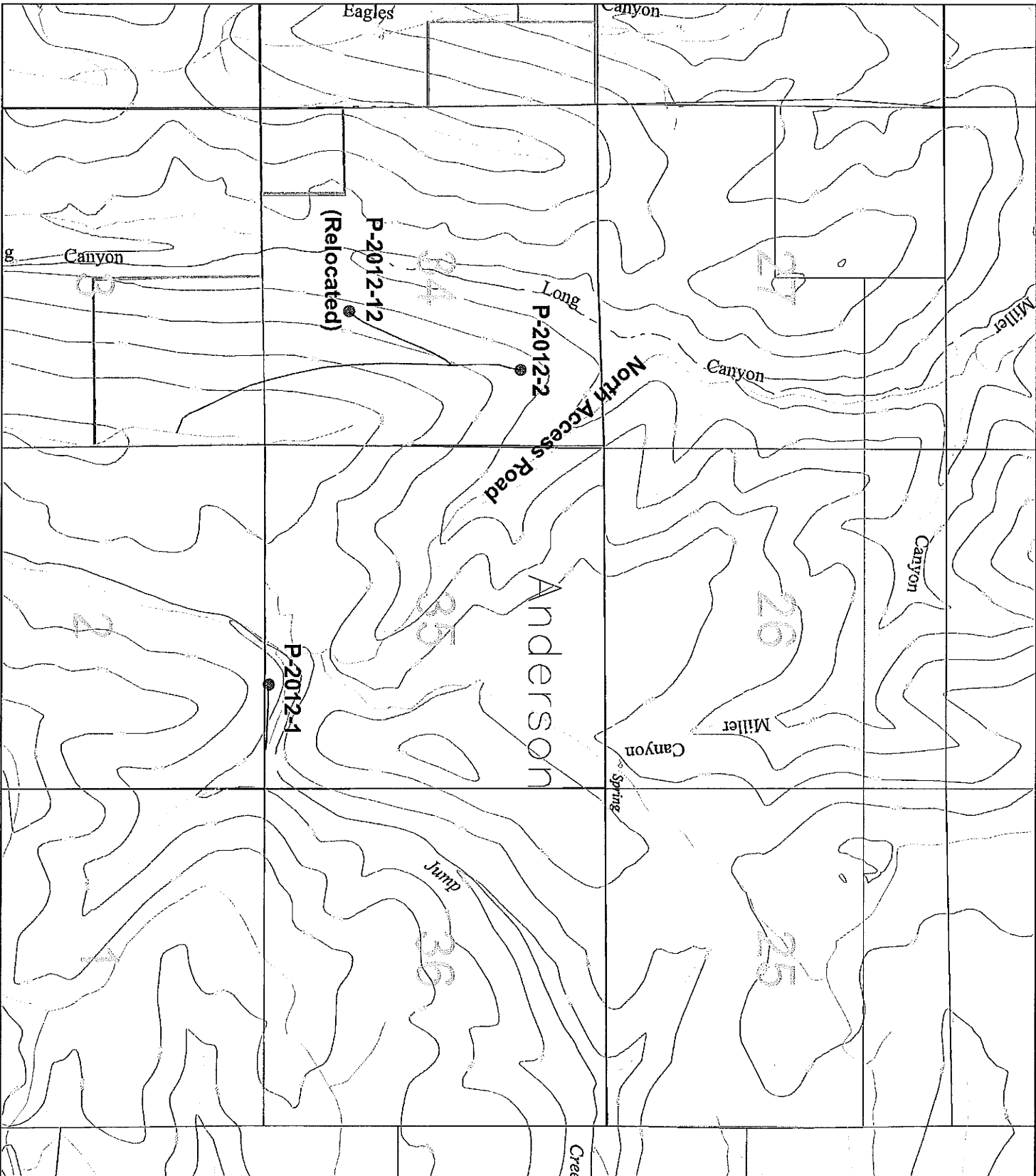
Section 25	S $\frac{1}{2}$ ; S $\frac{1}{2}$ N $\frac{1}{2}$
Section 26	S $\frac{1}{2}$ ; S $\frac{1}{2}$ N $\frac{1}{2}$
Section 27	S $\frac{1}{2}$ ; S $\frac{1}{2}$ NE $\frac{1}{4}$
Section 34	N $\frac{1}{2}$ ; SE $\frac{1}{4}$ ; N $\frac{1}{2}$ SW $\frac{1}{4}$ ; SE $\frac{1}{4}$ SW $\frac{1}{4}$
Section 35	All
Section 36	All

#### Township 13 South, Range 7 East, Salt Lake Meridian

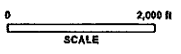
Section 3	NE $\frac{1}{4}$
-----------	------------------

**EXHIBIT B**

**[Insert Map]**



Wasatch Natural Resources LLC  
 Telonis Ridge Tract  
 2012- Field Season  
 Proposed Drill Holes  
 W/Property Ownership  
 DRAWN BY: GARY HARRIS DATE: 04-28-12  
 APPROVED BY: GARY HARRIS DATE: 04-28-12  
 FILE: Drill Plan Anderson 2012 V9 EXHIBIT B



Contour Interval 20 ft  
 This map is in the NAD83 Coordinate System (NAD83). It was projected from State Plane NAD83 to a vertical datum of 8,000 ft using a Combined Factor (CF) of 1.00000000. To project back, add 7,600,000 to Northing and 1,700,000 to Easting, then multiply by the CF.

**LEGEND**

P-2012-1

Planned 2012 Drill Hole  
 W/Planned Access Road  
 to be constructed

Existing Road

Surface Ownership

Arthur Anderson

**EXHIBIT B**

# EXHIBIT C

## Exhibit C, Wasatch Natural Resources LLC 2012 Exploration Plan

Anderson Property (14 June 2012 GLH)

Proposed Hole	Width	Proposed Drill Pads			Proposed Road Construction				Total Acres
		Length	Sq. Ft.	Pad Acres	Length	Width	Sq. Ft.	Acres	
P-2012-1	75	100	7500	0.172	1,012	20	20,240	0.465	0.637
P-2012-2	75	100	7500	0.172	5,640	20	112,800	2.590	2.762
P-2012-12 (Relocated)	75	100	7500	0.172	1,810	20	36,200	0.831	1.003
TOTALS				0.517	8,462			3.89	4.40

## **TEMPORARY ACCESS AGREEMENT**

This Temporary Access Agreement ("Agreement") is made and entered into between **Paul E. Jacob and Carolyn H. Jacob, as Trustees of the Paul & Carolyn Jacob Trust** dated February 22, 1996, and **Scofield Miller Creek, LC**, a Utah limited liability company (individually and collectively "Owner"), whose address is 349 East 200 South, Pleasant Grove, UT 84062, and **Wasatch Natural Resources**, a Delaware corporation, ("WNR") a wholly owned subsidiary of New Horizon Coal Limited, of Perth, Western Australia, whose local address is 299 South Main Street, Suite 1300, Salt Lake City, Utah 84111, (collectively, the "Parties" and individually a "Party."). This Agreement shall be limited to the use, maintenance and restoration of certain roads ("Roads") located on the property owned by Owner ("Jacob Property") as depicted on the map attached hereto as Exhibit ("A") to provide access to adjoining property owned by Arthur Anderson ("Anderson Property") to conduct exploratory drilling operations on the Anderson Parcel.

### **RECITALS**

- A. Owner is the owner of the surface estate of the Jacob Property.
- B. WNR has applied to the Utah Division of Oil Gas and Mining for permission to Conduct Minor Coal Exploration ("Exploration Work"). This Agreement relates solely to the use of the Jacob Property to provide temporary access to the Anderson Property for purposes of this Exploration Work during 2012.

### **AGREEMENT**

Now, therefore, in consideration for Owner granting WNR temporary access through the Jacob Property to the Anderson Property, which is hereby granted, and the other mutual promises and covenants provided herein, and for other good and valuable consideration, the sufficiency and receipt of which are hereby acknowledged, Owner and WNR agree as follows:

1. **Temporary Right-of-Way to Anderson Lands.** Under the terms and conditions set forth herein, Owner hereby grants and conveys a temporary easement and right-of-way ("ROW") to WNR across the Jacob Property on the roads and only on the roads as depicted on Exhibit A attached hereto through the Jacob Property. This grant of ROW shall commence upon the date of execution hereof as set forth below, and expire on the sooner of the completion of this Exploration Work or the date 4th Aug. 2012, ("Termination Date") whichever occurs sooner. The Termination Date may be extended once for an additional 90 days, and in 30 day increments thereafter, by mutual written agreement of the Parties and upon payment of additional consideration as provided herein. The Agreement and all extensions therefore, will terminate on March 31, 2013.

a. WNR intends and is authorized hereby to bring onto the ROW excavation equipment and gravel trucks, as necessary to make the existing roads suitable to WNR's intended temporary use; excavation equipment to construct drilling pads, mud pits, and short segments of access road on the Anderson Property as needed; transport trucks for such excavation equipment; truck mounted drilling equipment and support vehicles; water tankers; drill pipe trucks; pick-up

trucks to transport personnel; supply trailers; fuel trucks portable rest rooms; logging equipment; and, other similar equipment necessary for conducting the Exploration Work.

b. Water used for road maintenance, construction and core drilling will come from water rights owned or controlled by WNR from Scofield Reservoir and trucked to the site; or, diverted from Miller Creek subject to approval by the Utah Division of Water Rights of a temporary change application authorizing the diversion.

2. Payment. Upon execution of this Agreement, WNR shall pay to Owner the sum of seven thousand dollars (\$7,000.00), which shall constitute full payment for the initial term of this temporary ROW as depicted on Exhibit A hereto. If the Agreement is extended beyond the initial Termination Date by mutual agreement, WNR will pay to Owner additional payments of Two Thousand dollars per month (\$2,000.00/month) as consideration for any extension period. Payments will be made monthly on the first day of each month of any extension period.

3. Protection of Water Courses. If the road as depicted in Exhibit A crosses any water courses or encounters water sources, WNR shall take all reasonable precautions to control the flow of water and to avoid erosion damage to the ROW or impairment of the quality of water of any surface water resource. In addition, WNR will install any culverts or other water conveyance facilities as necessary to convey and divert the water away from or under the ROW so as to avoid damage to the ROW and/or to the Jacob Property. A small spring is used as a source of culinary water along the road in Long Canyon. There is also a culinary water pipeline that takes the water from this spring to the Jacob cabin. The spring and the pipeline are shown on Exhibit B. WNR will take precautions to protect the water quality in the spring and the distribution pipeline, to ensure that water flows are not disrupted to the Jacob cabin and that water quality is not impaired. WNR is requested to contact Paul Jacob so that he may confirm to WNR the location of the spring and the pipeline, and discuss protective measures WNR will take.

4. Gate Access. During all phases of the Exploration Work, for which ingress and egress from SR-96 is utilized as access to the Anderson Property through the Jacob Property, WNR, at its sole cost and expense, will provide, during hours of operation, an attendant at the entrance of the Jacob Property at SR-96 to monitor access to the Jacob Property, and to ensure that only authorized parties are allowed thereon and that the gate to the Jacob Property as well as all other gates that are routinely locked remain closed and locked when not in use.

5. Installation of New Gate. There presently exists a wire gate at the boundary between the Jacob Property and the Anderson Property. The existing gate is too narrow to accommodate passage of heavy equipment and it will need to be removed, widened and replaced. WNR agrees to install at its sole reasonable expense a metal swing gate with sheep net fencing attached to it so that sheep cannot get through the gate when closed. The gate posts shall be steel pipes, filled with concrete, and cemented in the ground. The gate will be closed at all times when vehicles are not present to prevent livestock from crossing from one property to the other.

6. Road Condition and Treatment. During periods of WNR's operation on the Jacob Property, WNR shall employ standard dust suppression methods on all segments of the ROW then being utilized by WNR.

a. WNR will water regularly the road within one quarter-mile in each direction in front of the residence on the Jacob Property to keep that part of the road sufficiently damp to prevent dust from being stirred up by vehicular traffic. During dry periods this will require watering approximately every two hours during periods of Operator's operation on the Jacob Property, and require all vehicles to observe a 20 mph limit within this section of road.

b. Owner makes no warranties or representations about the suitability of the roads depicted on Exhibit A to provide the access desired by WNR to conduct the Exploration Work. WNR will at its sole expense upgrade the roads as necessary to accommodate its intended use, subject to Owner's reasonable review and approval of any plans to expand road widths or any major road excavation to change or alter the existing road grades, which approval shall not be unreasonably conditioned, withheld or delayed.

c. Through the term of this Agreement, WNR shall at its sole expense maintain the travel surface of the roads so used in good and serviceable condition for use by light duty vehicles as well as heavy equipment; grading and employing dust suppression methods as provided herein.

7. Cooperative Wildlife Management Unit (CWMU Hunting Unit). WNR acknowledges that the Jacob Property and Anderson Property are part of a Cooperative Wildlife Management Unit ("CWMU") and that if the Exploration Work continues into late summer and fall of 2012, that it may conflict with hunting activities within the CWMU to the economic detriment of the owners of the land, the hunting outfitter, as well as those hunters who pay to hunt within the CWMU. The Parties will need to coordinate with each other regarding their respective activities as hunting commences within the CWMU, to minimize the risk of conflicts between hunters and construction workers and for the general safety of all people upon the Jacob Property and Anderson Property for either purpose. The principal time of concern is during the Elk Hunt which runs from September 7<sup>th</sup> to the end of September ("Elk Hunt"). WNR will use its best efforts to complete its Exploration Work before the commencement of the Elk Hunt. If the Exploration Work cannot be completed prior to the commencement of the Elk Hunt, WNR shall suspend its Exploration Work during the approximate three week period of the Elk Hunt.

8. Indemnity. WNR shall indemnify, defend and hold harmless Owner for any liens, claims, loss, injury or damage of any nature or kind whatsoever that may be asserted against Owner by anyone which arises out of WNR's access to or use of the Jacob Property by WNR, its employees, agents, invitees, or independent contractors. Notwithstanding the foregoing, WNR shall not be liable to the extent any loss, injury or damage was caused by the negligence or willful misconduct of Owner.

9. Prohibited Behavior/Penalty.

a. WNR will police the activities of its employees, agents and independent contractors while on the Jacob Property and will take all reasonable steps to ensure that throughout the performance of the Exploration Work and the term of this Agreement and any extension thereof, that none of WNR's employees, agents and independent contractors will have fire arms of any kind on the Jacob Property; that they will not have alcohol on the Jacob Property; no fires will be permitted at any time; no dogs (other than sheep herder dogs) will be permitted on the Jacob Property; and any fence that is damaged will be repaired/ replaced with 6 foot metal "T" posts, with 39" sheep net wire, and topped with at least 2 strands of 4-point barbed wire.

b. If Owner contends that WNR has violated the provisions of paragraph 6. a. and 9.a. of this Agreement, Owner shall promptly inform the onsite representative of WNR. Thereafter, if WNR fails to correct and/or address, or to commence correcting or addressing any such alleged violation within one (1) day for a violation of paragraph 6.a., or within a reasonable period of time given the nature of the violation (but not more than ten (10) days) for a violation of paragraph 9.a. WNR agrees that upon written notice of Owner, it shall pay Owner fifty dollars (\$50.00) for each documented violation of the provisions of paragraph 9. a. of this Agreement, and for a documented violation of paragraph 6.a. (dust suppression), WNR shall pay one hundred dollars (\$100.00) per violation. Payments shall be made within five (5) days of WNR's receipt of written notice of an uncured violation. If such violation of the provisions of paragraph 6.a. is not cured within a total of ten (10) business days after receipt of written notice, or if corrections of such violations of paragraph 9.a. have not commenced within ten (10) business days, then the Owner shall have the right to terminate this Agreement; subject to written notice to WNR of same in accordance with paragraph 11 and WNR's obligations to remove its equipment and to repair any damage done during the course of its use of the Jacob Property in order to reasonably restore disturbed portions of the Jacob Property to their condition immediately prior to the commencement of the Exploration Work.

10. Amendments. The provisions of this Agreement may be amended only in writing and signed by all Parties.

11. Default. Except as otherwise set forth in paragraph 9.b., in addition to any other remedy provided in this Agreement, in the event of a default by WNR in the performance of any of the covenants of this Agreement, Owner shall notify WNR, by certified mail, return receipt requested of the alleged default. WNR shall have ten (10) business days from receipt of the written notification in which to dispute or otherwise commence to cure the default. If WNR fails to dispute or otherwise commence to cure the default within the 10 days provided herein, this Agreement shall terminate; except that WNR shall be required to complete all reclamation work on the ROW. If this Agreement is terminated as a result of an uncured default, WNR shall be denied access to the Anderson Property through the Jacob Property until the parties have entered into a new mutually satisfactory Agreement.

12. Record of Agreement. Upon execution of this Amendment, either party may record a memorandum of agreement with Carbon County.

13. Further Cooperation. Each Party shall execute, acknowledge, and deliver all documents, and take all such acts, which from time to time may be reasonably requested by the other Parties in order to carry out the purposes and intent of this Agreement.

14. Counter-Parts. This agreement may be executed and delivered via facsimile or e-mail (pdf) in multiple counterparts which, when taken together, shall be considered an original. A manual signature on this agreement, an image of which shall have been transmitted electronically, will constitute an original signature for all purposes. The delivery by electronic transmission of copies of this agreement, including executed signature pages, will constitute effective delivery of this agreement for all purposes.

Agreed to and accepted this 25 day of June, 2012.

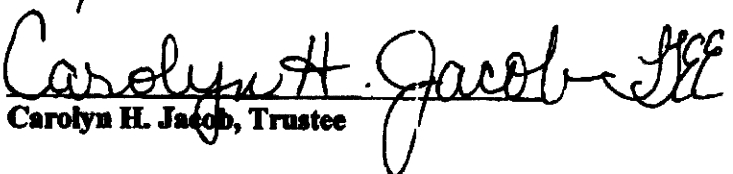
**Wasatch Natural Resources, LLC**

By: \_\_\_\_\_  
Michael F. Placha

Its: President and CEO

**Paul E. Jacob Trust dated 3-9-2000**

By:  \_\_\_\_\_  
Paul E. Jacob, Trustee

By:  \_\_\_\_\_  
Carolyn H. Jacob, Trustee

Carolyn H. Jacob Trust dated 3-9-2000

By:

  
Paul E. Jacob, Trustee

By:

  
Carolyn H. Jacob, Trustee

Scofield Miller Creek, LC

By:

  
Paul E. Jacob, Manager

By:

  
Carolyn H. Jacob, Manager

ACKNOWLEDGEMENTS

STATE OF UTAH            )  
                                  ):SS  
COUNTY OF SALT LAKE )

On this \_\_\_\_\_ day of \_\_\_\_\_, 2012, before me, the undersigned, a Notary Public in and for the County and State aforesaid, personally appeared Michael F. Placha known to me to be the President and CEO of Wasatch Natural resources LLC, who acknowledged to me that Wasatch Natural Resources executed the same.

MY COMMISSION EXPIRES:                   NOTARY PUBLIC

STATE OF UTAH            )  
                                  ):SS  
COUNTY OF UTAH        )

On this 25 day of June, 2012, before me, the undersigned, a Notary Public in and for the County and State aforesaid, personally appeared Paul E. Jacob and Carolyn H. Jacob, to me known to be the Trustees of the Paul E. Jacob Trust dated 3-9-2000, who subscribed their names to the foregoing instrument.

MY COMMISSION EXPIRES:                   NOTARY PUBLIC

~~4-11-15~~   4-11-15 *LHG*   *Linda H. Giles*



STATE OF UTAH           )  
                                  ):SS  
COUNTY OF UTAH       )

On this 25 day of June, 2012, before me, the undersigned, a Notary Public in and for the County and State aforesaid, personally appeared Paul E. Jacob and Carolyn H. Jacob, to me known to be the Trustees of the Carolyn H. Jacob Trust dated 3-9-2000, who subscribed their names to the foregoing instrument.

MY COMMISSION EXPIRES:

NOTARY PUBLIC

4-11-15

Linda H. Giles

STATE OF UTAH           )  
                                  ):SS  
COUNTY OF SALT LAKE )



On this \_\_\_\_\_ day of \_\_\_\_\_, 2012, before me, the undersigned, a Notary Public in and for the County and State aforesaid, personally appeared Paul E. Jacob and Carolyn H. Jacob, known by me to be the Managers of Scofield Miller Creek, LC, who acknowledged to me that Scofield Miller Creek LC, executed the same.

MY COMMISSION EXPIRES:

NOTARY PUBLIC

4-11-15

Linda H. Giles



13 Further Cooperation Each Party shall execute, acknowledge, and deliver all documents, and take all such acts, which from time to time may be reasonably requested by the other Parties in order to carry out the purposes and intent of this Agreement.

14 Counter-Parts This agreement may be executed and delivered via facsimile or e-mail (pdf) in multiple counterparts which, when taken together, shall be considered an original. A manual signature on this agreement, an image of which shall have been transmitted electronically, will constitute an original signature for all purposes. The delivery by electronic transmission of copies of this agreement, including executed signature pages, will constitute effective delivery of this agreement for all purposes.

Agreed to and accepted this      day of June, 2012.

**Wasatch Natural Resources, LLC:**

By: Michael F Placha  
Michael F Placha

Its: President and CEO

**Paul E. Jacob Trust dated 3-9-2000**

By: \_\_\_\_\_  
Paul E. Jacob, Trustee

By: \_\_\_\_\_  
Carolyn H. Jacob, Trustee

ACKNOWLEDGEMENTS

COMMONWEALTH OF PENNSYLVANIA

:SS

COUNTY OF WASHINGTON

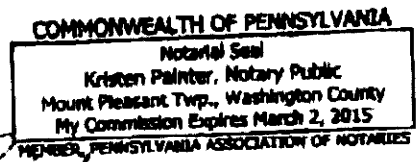
On this 25<sup>th</sup> day of JUNE, 2012, before me, the undersigned, a Notary Public in and for the County and State aforesaid, personally appeared Michael F. Placha known to me to be the President and CEO of Wasatch Natural Resources LLC, who acknowledged to me that Wasatch Natural Resources executed the same.

MY COMMISSION EXPIRES:

NOTARY PUBLIC

MARCH 2, 2015

Kristen Painter



STATE OF UTAH )

) :SS

COUNTY OF UTAH )

On this \_\_\_\_\_ day of \_\_\_\_\_, 2012, before me, the undersigned, a Notary Public in and for the County and State aforesaid, personally appeared Paul E. Jacob and Carolyn H. Jacob, to me known to be the Trustees of the Paul E. Jacob Trust dated 3-9-2000, who subscribed their names to the foregoing instrument.

MY COMMISSION EXPIRES:

NOTARY PUBLIC

\_\_\_\_\_

\_\_\_\_\_

Exhibit A

Map – Roads

LEGEND

P-2012-1

Planned 2012 Drill Hole  
W/Planned Access Road  
to be constructed

Existing Road

Existing Road  
Used to Access Drill Sites

Surface Ownership

Jacob

Arthur Anderson



SCALE  
1"=2000'  
0 2,000 ft

Contour Interval 200 ft

Wasatch Natural Resources LLC

Telonis Ridge Tract

2012- Field Season

Proposed Drill Holes

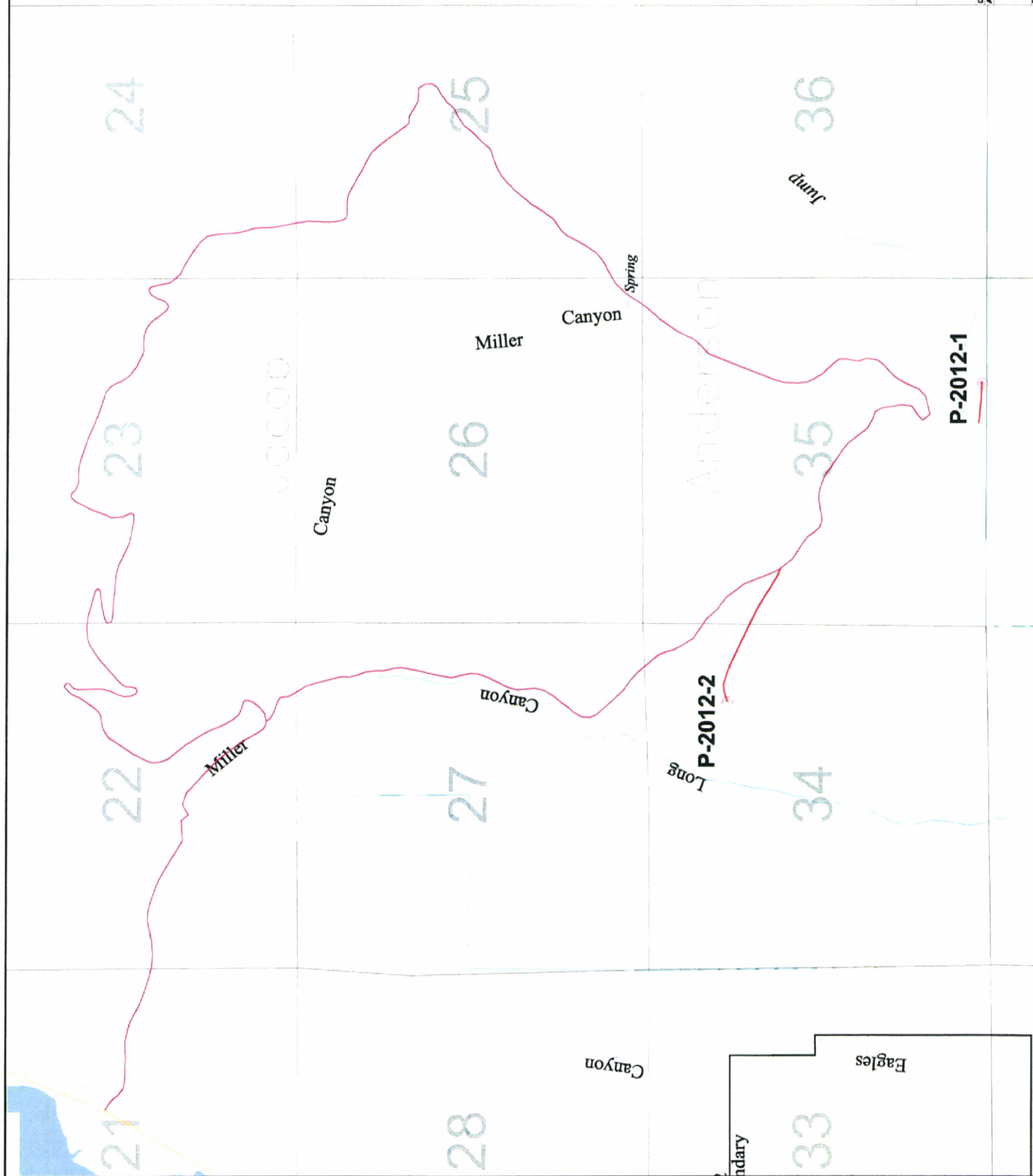
W/Property Ownership

DRAWN BY: Gregory Hunt DATE: 2-23-2012

APPROVED BY: Gregory Hunt DATE: 2-23-2012

Reviewed: 2/23/2012

FILE: Drill Plan 2012 W



**Exhibit B**

**Map – Spring and Pipeline**



Google earth

feet  
meters

1000

400

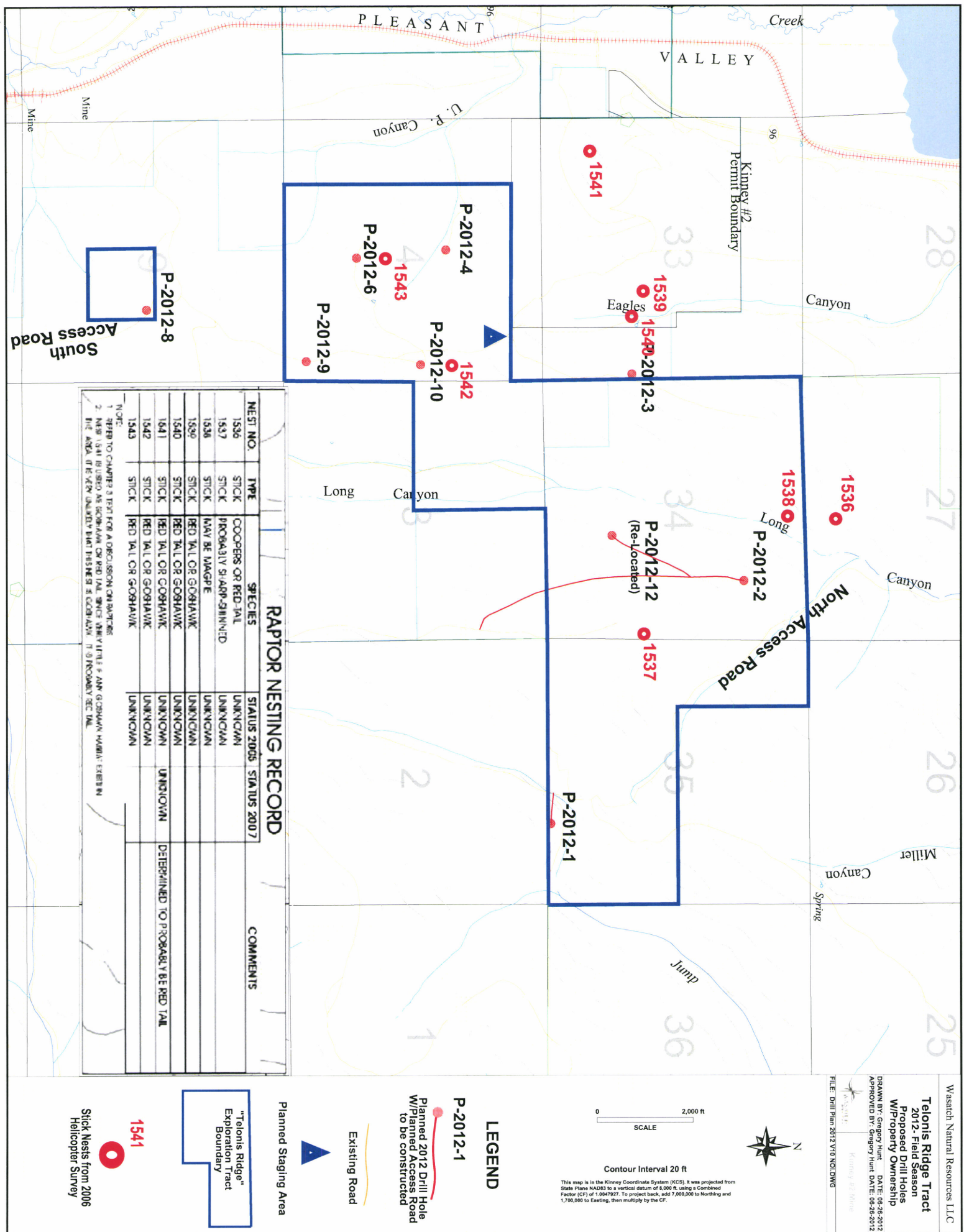


EXHIBIT - B

## APPENDIX B

(Confidential)

Raptor Survey Map



Wasatch Natural Resources LLC

**Telonis Ridge Tract**  
2012- Field Season  
Proposed Drill Holes  
w/Property Ownership  
DRAWN BY: Gregory Hunt DATE: 06-26-2012  
APPROVED BY: Gregory Hunt DATE: 06-26-2012

FILE: Drill Plan 2012 V10 NOIDWG



0 2,000 ft  
SCALE

Contour Interval 20 ft

This map is in the Kinney Coordinate System (KCS). It was projected from State Plane NAD83 to a vertical datum of 8,000 ft, using a Combined Factor (CF) of 1.0047827. To project back, add 7,000,000 to Northing and 1,700,000 to Easting, then multiply by the CF.

## LEGEND

P-2012-1

Planned 2012 Drill Hole w/Planned Access Road to be constructed

Existing Road

Planned Staging Area

"Telonis Ridge" Expiration Tract Boundary

1541

Stick Nests from 2006 Helicopter Survey

# APPENDIX C

(Confidential)

Cultural Resources Inventory

November 2011

Abajo Archaeology

CULTURAL RESOURCE INVENTORY OF THE  
PROPOSED 2012 SEASON DRILL HOLE EXPLORATION PROJECT  
FOR THE KINNEY NO. 2 MINE, CARBON COUNTY, UTAH.

Prepared For:

Wasatch Natural Resources  
Cedaredge, Colorado

Prepared Under Contract With:

Geo-Hunt Consulting LLC  
16577 Columbine Lane  
Cedaredge, Colorado 81413

Prepared By:

Mark C. Bond  
Project Archaeologist

Submitted By:

William E. Davis, Director  
Abajo Archaeology  
P.O. Box 100  
Bluff, Utah 84512

November 2011

ABAJO ARCHAEOLOGY Project Number 2011-026

State of Utah Antiquities Section Project No. U-11-AS-0902p  
State of Utah Principal Investigator Permit No. 95

## ABSTRACT

Abajo Archaeology of Bluff, Utah, conducted an intensive cultural resource inventory of the proposed 2012 season exploratory drill hole pads and access routes for the Kinney No. 2 mine in Carbon County, Utah, near the town of Scofield, Utah. This project consisted of the cultural resource inventory of 12 drill site locations (Figure 1). Each location consists of approximately 2 acres. Most of these locations are located adjacent to established roads. At four locations with no existing road access short vehicle access routes were also inventoried for cultural resources. In all cases the locations and access routes were on privately patented land. The cultural resource inventory was conducted under the Utah Antiquities Section Permit (Survey) U-11-AS-0902p.

The proposed drilling activities will be conducted as part of an exploration project that will guide the opening of the Wasatch Natural Resources Kinney No. 2 coal mine. The drilling activities will involve the use of truck-mounted rotary drill rigs and other support vehicles. In places existing roads may be improved to support the project vehicles. It will also be necessary to construct vehicle access routes from nearby existing roads to four of the locations that are not located adjacent to existing roads. The proposed drill site locations are listed in the following table:

Table 1. Individual Drilling Site Locations. (All UTM coordinates are in Zone 12. There is no Drill Site P-DH-7.)

Drill Site:	UTM Coordinates:		¼ / ¼ / ¼	Sec.	T.	R.	USGS Quadrangle
	Easting	Northing					
P-DH-01	491175	4397119	SE/SW/SE	35	12S	7E	Jump Creek
P-DH-02	489703	4398326	SW/NE/NE	34	12S	7E	Jump Creek
P-DH-03	488473	4397690	SE/NE/SE	33	12S	7E	Scofield
P-DH-04	487665	4396508	NE/SE/NW	04	13S	7E	Scofield
P-DH-04ALT	487712	4396451	SW/SW/NE	04	13S	7E	Scofield
P-DH-05	487860	4396027	SW/NW/SE	04	13S	7E	Scofield
P-DH-06	487756	4395940	SW/NW/SE	04	13S	7E	Scofield
P-DH-08	488037	4394676	NE/NW/SE	09	13S	7E	Scofield
P-DH-09	488340	4395650	SE/SE/SE	04	13S	7E	Scofield
P-DH-10	488365	4396348	SE/SE/NE	04	13S	7E	Scofield
P-DH-11	488678	4395743	NE/SW/SW	03	13S	7E	Scofield
P-DH-12	489178	4397124	SE/SE/SW	34	12S	7E	Scofield

A cultural resource archival records search for this project was completed by Ms. Marty Thomas, CRM File Search Services, Salt Lake City, Utah. The records search covered the area within Sections 3, 4 and 9, Township 13 South, Range 7 East and Sections 33, 34, 35 and 36, Township 12 South, Range 7 East. The records search revealed that, although several previously conducted cultural resource inventory projects have been conducted in the same general area as the Wasatch Natural Resources project only a single cultural resource site has been recorded in this area and it will not be impacted by the currently proposed project.

During the course of this cultural resource inventory project a total of approximately 35.5 acres was inspected for cultural resources. This includes 24 acres within the 12 project locations and 11.5 acres within the proposed right-of-way corridors of the four locations that were not located on, or adjacent to, existing roads. No significant cultural resources were observed at any of the drill site locations or within the area of the proposed vehicle access routes.

In summary, Wasatch Natural Resources proposes to conduct a program of exploratory drilling to confirm the location and depth of coal seams within the project area on privately patented land near Scofield, Utah. Both the areas of the twelve proposed 2 acre drill site locations and the proposed new vehicle access routes for four of these locations were inspected for cultural resources. No cultural resources were observed within or near any of the project areas or the access routes and, hence, a determination of "no effect" is recommended for this proposed undertaking for purposes of Section 106, 36 CFR 800.

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## INTRODUCTION

Abajo Archaeology of Bluff, Utah, conducted an intensive cultural resource inventory of the Wasatch Natural Resources proposed 2012 season exploratory drilling project for the Kinney No. 2 mine in Carbon County, Utah, near the town of Scofield, Utah. This inventory was undertaken at the request of Mr. Gregory Hunt, of Geo-Hunt Consulting LLC, Cedaredge, Colorado. This project consisted of the cultural resource inventory of 12 selected locations and one alternate location to be used as pads for drilling rigs. Each location consisted of approximately 2 acres and most were located adjacent to established roads. At four locations short vehicle access routes were also included in the inventory. In all cases the locations and access routes are on privately patented land.

The objective of the cultural resource inventory was to discover and document any cultural resources located within the proposed project areas, to evaluate their eligibility for nomination to the National Register of Historic Places (NRHP, 36 CFR 60.4), and to make recommendations for mitigation of effects to eligible historic properties pursuant to Section 106 of the National Historic Preservation Act of 1966 (as amended) (36 CFR 800) as well as relevant State of Utah cultural resource and antiquities protection legislation. The information developed by this cultural resource inventory project will be used in support of considerations by the Utah Division of Coal, Gas and Mining, Division of Natural Resources, when considering compliance issues pertaining to permitting of the Kinney No. 2 Mine.

This cultural resource inventory project was conducted under the Utah Antiquities Section Permit (Survey) U-11-AS-0902p issued to Abajo Archaeology, Bluff, Utah. The fieldwork was conducted on October 19 and 20, 2011 by Mark C. Bond, Project Archaeologist, Abajo Archaeology. Mr. Gregory Hunt accompanied the archaeologist in the field and pointed out the individual drill location sites and access routes, where needed. Project-related maps and other relevant information concerning the project area were provided by Mr. Gregory Hunt.

A cultural resource archival records search for this project was completed by Ms. Marty Thomas, CRM File Search Services, Salt Lake City, Utah. The records search covered the area within Township 12 South, Range 7 East, Sections 33, 34, 35 and 36 and Township 13 South, Range 7 East, Sections 3, 4 and 9. The records search revealed that, though several cultural resource inventory projects have been conducted within these seven sections, only three projects have been previously conducted within a half mile of any of the Wasatch Natural Resources project area locations. In addition, only one archaeological site has been recorded within a half mile of one of the Wasatch Natural Resources proposed drill locations. Locations of these previous inventory projects are illustrated in Figure 2. In 1980 a Class III cultural resource inventory was conducted by Bureau of Land Management archaeologists of five drill pad locations whose general location coincides with that of the Wasatch Natural Resources project general area (Yearsley 1980: U-80-BL-0456b). One of these earlier locations, UGC-6, in the northeast  $\frac{1}{4}$  of Section 9, Township 13 South, Range 7 East is located on a ridge top ca. 1200 ft (366 m) north of the Wasatch Natural Resources location P-DH-8 and 2000 ft (610 m) southwest of location P-DH-9 (Figure 2). No cultural resources were recorded as a result of the UGC-6 inventory.



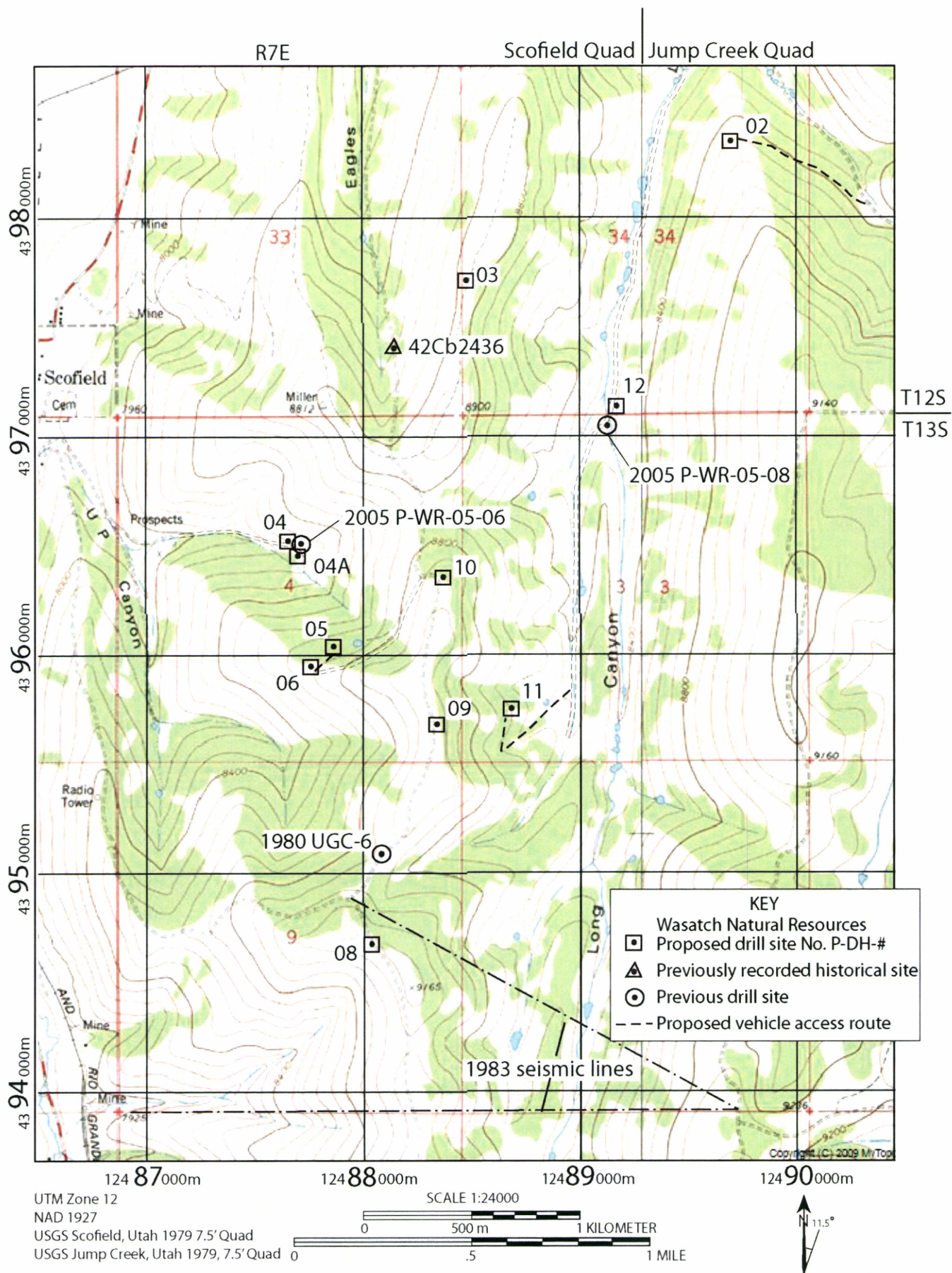


Figure 2. Wasatch Natural Resources proposed 2012 season drill site locations, Map 1 of 2.

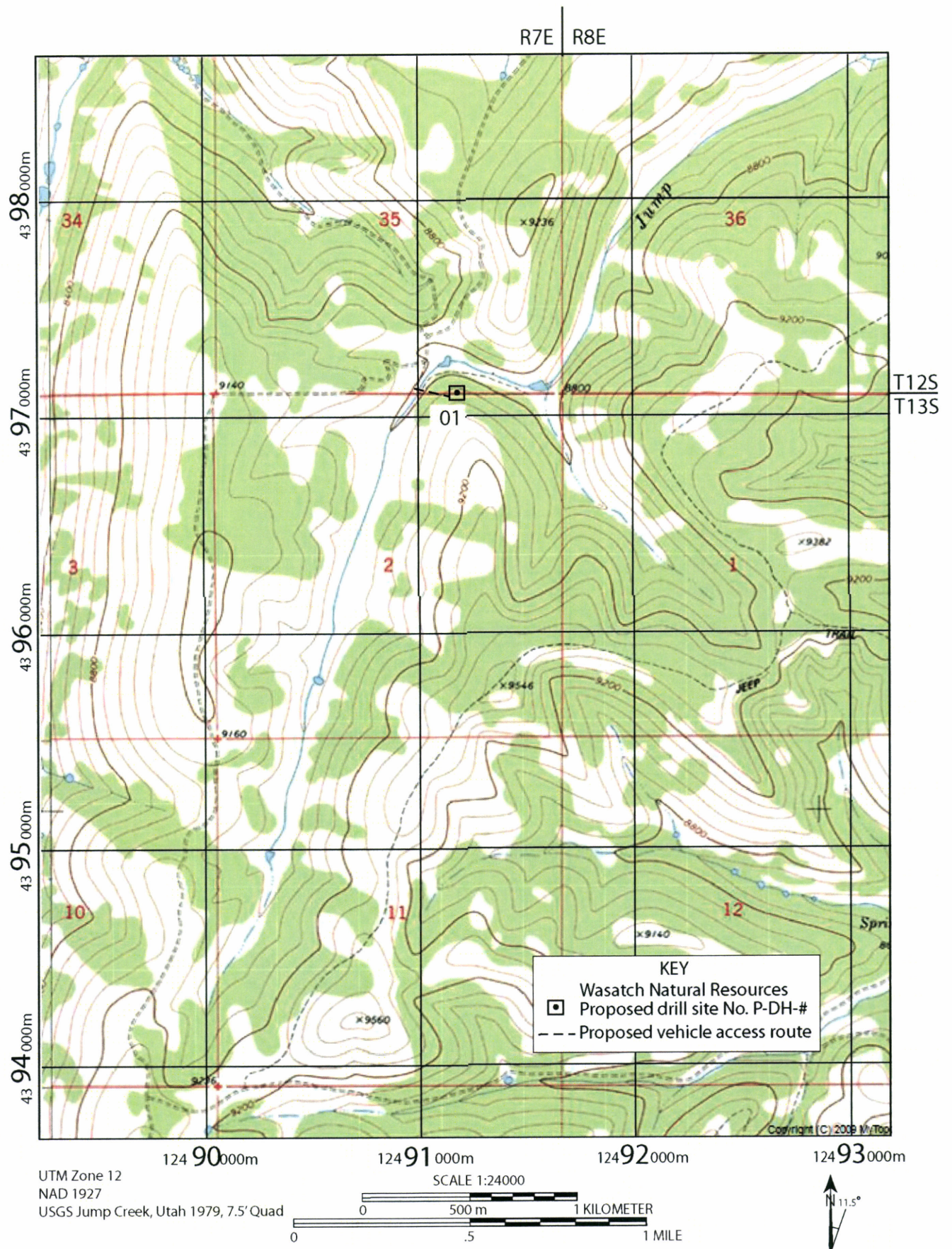


Figure 3. Wasatch Natural Resources proposed 2012 season drill site locations, Map 2 of 2.

In 1983 Archeological-Environmental Research Corporation, Bountiful, Utah, conducted a Class III cultural resource inventory of two seismographic exploration lines that also crossed the southern portion of the current Wasatch Natural Resources project area (Figure 2). One of these lines passes within approximately 400 ft (122 m) of Wasatch Natural Resources' P-DH-8 location in the northeast ¼ of Section 9 in Township 13 South, Range 7 East (Hauck 1983: U-83-AF-0809b). No cultural resources were recorded as a result of the seismographic exploration. The third cultural resource inventory project that impacted the current project area was the survey of exploration drill site locations performed by Montgomery Archaeological Consultants (MOAC) in 2005 (Jolley and Montgomery 2005: U-04-MQ-0552b). Several locations were inventoried as part of this project, two of which were located close to two of the current Wasatch Natural Resources locations. In Section 34, Township 12 South, Range 7 East the Wasatch Natural Resources' location P-DH-12 is located within approximately 200 ft (61 m) of the earlier MOAC location P-WR-05-08 (Figure 2). In addition, Wasatch Natural Resources location P-DH-4 and the nearby 4 Alternate are located close to, and on either side of the MOAC P-WR-05-06 location near the center of Section 4, Township 13 South, Range 7 East (Figure 2). No cultural resources were located at either of the MOAC drill locations. One archaeological site was recorded as a result of the 2005 MOAC project within the general Wasatch Natural Resources project area. Site 42Cb2436, a small Historic Period corral complex, was recorded in the southeast ¼ of Section 4, Township 13 South, Range 7 East (Bond 2005). It is located approximately 1500 ft (457 m) southeast of Wasatch Natural Resources' P-DH-3 location (Figure 2). Site 42Cb2436 was evaluated as ineligible for nomination to the NRHP.

## DESCRIPTION OF THE PROJECT AREA

The proposed drilling project consists of 11 individual drill site locations and a 12<sup>th</sup> location proposed as a potential alternative to one of the locations. Each location was selected by the geologists for its potential to provide data on the location and thickness of underground coal seams. The project area is generally located from one to three miles east of the town of Scofield, Carbon County, Utah, and the State Road 96 right-of-way corridor (Figure 1). The specific location of each drilling site is listed in Table 1 and illustrated in Figures 2 and 3. These locations can be found on the USGS Scofield, Utah, 1979, 7.5' quadrangle and the adjacent Jump Creek, Utah, 1979, 7.5' quadrangle.

Table 1. Individual Drilling Site Locations\*

Drill Site:	UTM Coordinates:		¼ / ¼ / ¼	Sec.	T.	R.	USGS Quadrangle
	Easting	Northing					
P-DH-01	491175	4397119	SE/SW/SE	35	12S	7E	Jump Creek
P-DH-02	489703	4398326	SW/NE/NE	34	12S	7E	Jump Creek
P-DH-03	488473	4397690	SE/NE/SE	33	12S	7E	Scofield
P-DH-04	487665	4396508	NE/SE/NW	04	13S	7E	Scofield
P-DH-04ALT	487712	4396451	SW/SW/NE	04	13S	7E	Scofield
P-DH-05	487860	4396027	SW/NW/SE	04	13S	7E	Scofield
P-DH-06	487756	4395940	SW/NW/SE	04	13S	7E	Scofield
P-DH-08	488037	4394676	NE/NW/SE	09	13S	7E	Scofield

P-DH-09	488340	4395650	SE/SE/SE	04	13S	7E	Scofield
P-DH-10	488365	4396348	SE/SE/NE	04	13S	7E	Scofield
P-DH-11	488678	4395743	NE/SW/SW	03	13S	7E	Scofield
P-DH-12	489178	4397124	SE/SE/SW	34	12S	7E	Scofield

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\*All UTM coordinates are in Zone 12. There is no Drill Site P-DH-7.)

Eight of these proposed drill sites are located adjacent to existing roads, four will require the construction of an original vehicle access route. The proposed access route for each of these locations was walked by the archaeologist.

- The access route for drill location P-DH-01 leaves an established road at UTM coordinates 491000mE/4397145mN in the bottom of a drainage in the SW ¼ of the SE ¼ of Section 35, Township 12 South, Range 7 East, and heads east up a hill approximately 550 ft (168 m) to the drill site location. Most of this route is through heavy aspen and spruce trees.
- The route to location P-DH-2 begins on an established road in the bottom of a canyon at UTM coordinates 490280mE/4398060mN in the SE ¼ of the SW ¼ of the NW ¼ of Section 35, Township 12 South, Range 7 East, and heads northwest up slope through heavy aspen and spruce forest approximately 2200 ft (671 m) to the location on the ridge crest.
- The route to location P-DH-05 begins on an established ridgetop road at location P-DH-06 in the SW ¼ of the NW ¼ of the SE ¼ of Section 4, Township 13 South, Range 7 East and heads northeast following the contour of the slope approximately 450 ft (137 m) through the forest to the P-DH-05 location.
- The route to location P-DH-11 leaves an established canyon road in the NW ¼ of the SE ¼ of the SW ¼ of Section 3, Township 13 South, Range 7 East at UTM coordinates 488960mE, 4395870mN and heads southwest up a slope a distance of approximately 1300 ft (396 m) to UTM coordinates 488680mE, 4395600mN. At this point the route switchbacks and heads to the north across the slope a distance of approximately 500 ft (152 m) to the P-DH-11 location site.

The general project area is a part of the Wasatch Plateau subsection of the Basin and Range-Colorado Plateau Transition province (Stokes 1986). Outcrops of Cretaceous and Paleocene sandstones and shales characterize much of the Wasatch Plateau. Coal-bearing formations occur frequently as they do under the project area. The topography of the project area varies between narrow ridge crests and the intervening narrow canyons. Elevation within the project area varies from approximately 8240 ft (2511 m) above sea level near the P-DH-12 site in the bottom of Long Canyon to almost 9160 ft (2792 m) at the P-DH-8 site on the ridge crest above Long Canyon. The town of Scofield, located in Pleasant Valley approximately 2 miles west of Long Canyon, is located at an elevation of approximately 7680 ft (2341 m). Canyon slopes often approach 30 to 40 degrees. Roads are usually oriented along ridge crests or canyon bottoms. Where roads have to climb steep slopes they do so by means of switch-backs.

Surface sediments within the project area are typical of mountain sediments with shallow silty loams filled with gravels and regolith forming from the underlying sandstones. Creeks in the bottom of the canyons appear to flow seasonally. The creek in the bottom of Long Canyon is presently flowing at a relatively low volume. Abandoned beaver dams are present in Long Canyon but no aspen trees recently harvested by beaver were noted in the area. One active spring was noted on a west facing slope above UP Canyon near the P-DH-5 area. Vegetation on the west slopes and crests of the ridges is dominated by sagebrush, broom snakeweed and various bunch grasses though small patches of aspen and spruce do occur. On north and east slopes the vegetation is dominated by aspen and spruce. Sagebrush and snowberry bushes also occur here along with various bunch grasses and broom snakeweed. Canyon bottoms usually support a thick growth of bunch grasses and sagebrush. Except on ridge crests and west facing slopes the mineral ground surface is rarely visible due to the vegetation cover. Figures 4 through 7 illustrated the topography and vegetation of the general project area.



Figure 4. View to the northwest over the Drill Site P-DH-8 location area on a southwest facing slope (Image No.2011-026-0 812).



Figure 5. View to the east over the area of Drill Site P-DH-9 location on a ridge crest west of Long Canyon (Image No. 2011-026-0814).



Figure 6. View to the north over the Drill Site P-DH-10 location on the ridge crest west of Long Canyon (Image No. 2011-026-0816).



Figure 7. View to the northwest over the area of the Drill Site P-DH-4 location on a southwest facing slope (Image No. 2011-026-0207).

Vehicle access within the project area is usually limited to high-clearance four-wheel drive vehicles and ATVs. The entire area is located within privately patented lands and locked gates are common. Access to the individual drill sites varies. Locations P-DH-3, 8, 9 and 10 are all located along a single ridge top with a ridge-top road that will probably not need extensive improvement for access by project associated vehicles. Locations P-DH-4, 4 Alternate, 6 and 12 are located along previously constructed roads that are now in poor condition. These roads will probably need to be up-graded or bladed in order to support project vehicles. Locations P-DH-1, 2, 5 and 11 are not adjacent to previously constructed roads and vehicle access will need to be constructed. For these last four locations potential access routes were chosen by the accompanying geologist and inspected by the archaeologist. These proposed access routes are illustrated on Figures 2 and 3.

## CULTURAL HISTORY

Cultural resources that have been found and recorded within the general project area all represent the recent Historic Period. No Prehistoric or Protohistoric Period sites have been recorded. This possibly reflects the thick surface vegetation in the area as well as the altitude. The general area is located well above 8000 ft (2438 m) above sea level. No Prehistoric Period long term habitation sites would be expected in this area at this elevation. Small concentrations of lithic debris and projectile point fragments representing hunting/rearmament or gathering sites might be expected though they would likely be obscured by the thick vegetation.

The following information regarding the Historic Period use of the project region is adapted from Dilley's (1900) history of the Scofield Mining Disaster except as noted. During

the recent Historic times the area around what is now Scofield, Utah, was first used extensively as pasture by cattle herders from the Utah Valley area. Coal was discovered in the area in 1875 and by 1877 at least one mine was operating with the coal shipped out by wagon. The Winter Quarters Mine was one of the first commercial coal mines in the state. As more coal mines opened plans for railroad tracks into the area were made and a narrow gauge was built into Scofield. By 1900 there were several hundred mines working in the area and the residents of Scofield numbered approximately 1800. The business district of Scofield boasted dozens of substantial stone buildings. Unfortunately Scofield was the site of one of the worst coal mining disasters in United States history. On May 1<sup>st</sup>, 1900, an underground explosion at the Winter Quarters mine killed 200 (or more) miners. Although work soon resumed at the mine and continued until the 1930s profitability of the mine declined until work ceased there.

In 1915 Scofield was the largest town in Carbon County but by the 1920s the local coal industry was in general decline (Geary 2002). General conditions in the turn-of-the-century coal towns in Carbon County, Utah can be researched in Watt's (1997) *A History of Carbon County* and Geary's (2002) *The Proper Edge of the Sky: the high plateau country of Utah*. Although coal mining still survives in the area, cattle and sheep ranching, as well as hunting and fishing account for much of the current use of the area. The mountainous area in which the project is located is currently used for cattle and sheep grazing in late spring, summer and early fall. At the time of this project the livestock have been removed from all but the pastures in lower canyons for the winter.

## PROJECT LOGISTICS AND CULTURAL RESOURCE INVENTORY METHODS

Wasatch Natural Resources proposes to conduct exploratory drilling at multiple locations within the project area. The proposed activities involve the use of truck-mounted rotary drill rigs and other support vehicles. Minimal surface leveling or drill pad construction modifications may be required in support of the drilling activities. Vehicle access to the project area will be along existing roads with individual drill site locations situated on, or just off of established roads. Four exceptions to this are Drill Sites P-DL- 1, 2, 5 and 11 which are not located on existing roads and will require the construction of access routes. Access routes over existing but unused roads to other locations may need maintenance prior to use.

Each of the drill site locations was pointed out to the archaeologist by the accompanying geologist. A center stake marking the actual drilling location was placed at that time. A two acre location was requested for each site. The area actually inventoried at each location consisted of a square centered on the drill location stake with edges 300 ft (91.4 m) on each side. This resulted in an area of slightly more than 2 acres at each location. The four corners of the survey area at each location area were found by means of plotting Universal Transverse Mercator (UTM) coordinates with a Global Positioning System (GPS) receiver. The cultural resource inventory was conducted by walking a series of parallel transects across the location maintaining a transect interval of 15 m (50 ft) or less. Transect integrity was maintained by means of continuous mapping with the GPS receiver. This transect interval often varied considerably due to the thick nature of the surface vegetation and the slope of the ground surface. Whenever aspen groves were approached within an inventory area during the course of this project the

individual trees were inspected for significant "aspen art" carved into the tree bark. Significance in this case would be determined by inscriptions dated prior to 50 years ago or inscribed names of regionally important people and events.

For those locations where a vehicle access route would be constructed a 100 ft (30 m) wide corridor, 50 ft (15 m) on each side of the centerline was inventoried. This was done by walking a single transect on each side of the centerline with the archaeologist walking a sinuous route through the vegetation from the centerline out to 15 m on each side.

## INVENTORY RESULTS

During the course of this cultural resource inventory project a total of approximately 35.5 acres was inspected for cultural resources. This includes 24 acres within the 12 drill site locations and 11.5 acres within the proposed right-of-way corridors of the four locations that were not located on or adjacent to existing roads. No significant cultural resources were observed at any of the drill site locations or within the area of the proposed vehicle access routes.

## MANAGEMENT RECOMMENDATIONS

In summary, Wasatch Natural Resources proposes to conduct a program of exploratory drilling to confirm the location and depth of coal seams within the project area on privately patented land near Scofield, Utah. The proposed drilling activities will involve the use of truck-mounted rotary drill rigs and other support vehicles. Both the areas of the twelve proposed 2 acre drill site locations and the new proposed vehicle access routes for four of these locations were inspected for cultural resources. No cultural resources were observed within or near any of the project areas or the access routes and, hence, a determination of "no effect" is recommended for this proposed undertaking for purposes of Section 106, 36 CFR 800.

## REFERENCES CITED

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## APPENDIX D

Temporary Change of Diversion

WRN Water Rights

# APPLICATION FOR TEMPORARY CHANGE OF WATER

STATE OF UTAH

Rec. by \_\_\_\_\_

Fee Amt. \$150.00

Receipt # \_\_\_\_\_

For the purpose of obtaining permission to make a temporary change of water in the State of Utah, application is hereby made to the State Engineer, based upon the following showing of facts, submitted in accordance with the requirements of Section 73-3-3 Utah Code Annotated 1953, as amended.

CHANGE APPLICATION NUMBER: 637968

WATER RIGHT NUMBER: 91-5152

(c9796MGABB) COUNTY TAX ID: Unknown

\*\*\*\*\*

This Change Application proposes to change the POINT(S) OF DIVERSION, PLACE OF USE, and NATURE OF USE.

\*\*\*\*\*

## 1. OWNERSHIP INFORMATION.

A. NAME: Price River Water User's Association  
ADDRESS: 375 South Carbon Avenue A-10  
Price, Utah 84501  
REMARKS: Based on 2 shares / Stock Cert #8289

NAME: Western Reserve Coal Co Inc  
ADDRESS: PO Box 954  
Sandia Park, NM 87047

B. PRIORITY OF CHANGE:

FILING DATE:

C. EVIDENCED BY: 91-5152 (A1035)

\*-----\*

\* DESCRIPTION OF CURRENT WATER RIGHT: \*

\*-----\*

## 2. SOURCE INFORMATION.

A. QUANTITY OF WATER TO BE TEMPORARILY REALLOCATED: 2.0 acre-feet

B. SOURCE: Gooseberry Creek

COUNTY: Sanpete

C. POINT(S) OF DIVERSION.

POINT OF DIVERSION -- SURFACE:

(1) N 810 feet W 990 feet from SE corner, Section 10, T 12S, R 7E, SLBM

POINTS OF REDIVERSION:

(1) N 900 feet E 100 feet from SW corner, Section 03, T 12S, R 7E, SLBM

SOURCE: Ex.430, Theresa A. Phelps-well

(2) N 1,420 feet W 480 feet from SE corner, Section 04, T 12S, R 7E, SLBM

SOURCE: Ex.175, Rudy Scartezina-well

(3) N 1,285 feet W 345 feet from SE corner, Section 04, T 12S, R 7E, SLBM

SOURCE: Ex.336, Frank Marrelli-well

Temporary Change

- (4) S 1,400 feet W 20 feet from E $\frac{1}{4}$  corner, Section 04, T 12S, R 7E, SLBM  
SOURCE: Ex.397, Robt. or Francis Mallard-Well
- (5) N 1,338 feet E 655 feet from SW corner, Section 17, T 12S, R 7E, SLBM  
SOURCE: Ex.178, Catherine Rudman-spring
- (6) N 860 feet E 430 feet from S $\frac{1}{4}$  corner, Section 19, T 12S, R 7E, SLBM  
SOURCE: Ex.375, G. Pete Frandsen-spring
- (7) N 30 feet E 465 feet from S $\frac{1}{4}$  corner, Section 32, T 12S, R 7E, SLBM  
SOURCE: Ex.164, Louis Gorishek-well
- (8) N 430 feet W 410 feet from S $\frac{1}{4}$  corner, Section 26, T 12S, R 9E, SLBM  
SOURCE: Price City Filtering Plant
- (9) S 90 feet E 730 feet from N $\frac{1}{4}$  corner, Section 35, T 12S, R 9E, SLBM  
SOURCE: Power Plant & Coal Company
- (10) S 970 feet E 60 feet from W $\frac{1}{4}$  corner, Section 05, T 13S, R 7E, SLBM  
SOURCE: Ex.452, Robert Radokovich-well
- (11) S 480 feet E 1,440 feet from W $\frac{1}{4}$  corner, Section 12, T 13S, R 9E, SLBM  
SOURCE: Bryner-Ploutz Ditch
- (12) N 900 feet E 980 feet from SW corner, Section 12, T 13S, R 9E, SLBM  
SOURCE: Bryner-Hansen Ditch
- (13) S 560 feet W 840 feet from N $\frac{1}{4}$  corner, Section 13, T 13S, R 9E, SLBM  
SOURCE: Spring Glen Canal
- (14) S 0 feet W 730 feet from NE corner, Section 24, T 13S, R 9E, SLBM  
SOURCE: O'Berto Ditch
- (15) N 1,310 feet E 1,000 feet from S $\frac{1}{4}$  corner, Section 24, T 13S, R 9E, SLBM  
SOURCE: Gay Ditch
- (16) S 1,190 feet W 1,490 feet from E $\frac{1}{4}$  corner, Section 24, T 13S, R 9E, SLBM  
SOURCE: Stowell Ditch
- (17) N 580 feet W 240 feet from S $\frac{1}{4}$  corner, Section 36, T 13S, R 9E, SLBM  
SOURCE: Country Club-Cook Ditch
- (18) N 560 feet W 240 feet from S $\frac{1}{4}$  corner, Section 36, T 13S, R 9E, SLBM  
SOURCE: Price-Wellington Canal
- (19) S 560 feet E 680 feet from N $\frac{1}{4}$  corner, Section 01, T 14S, R 9E, SLBM  
SOURCE: Carbon Canal
- (20) N 1,410 feet W 535 feet from S $\frac{1}{4}$  corner, Section 08, T 15S, R 11E, SLBM  
SOURCE: Coal Washing Plant
- (21) N 2,261 feet W 218 feet from SE corner, Section 16, T 15S, R 11E, SLBM  
SOURCE: Coal Washing Plant
- (22) S 1,925 feet W 811 feet from NE corner, Section 16, T 15S, R 11E, SLBM  
SOURCE: Coal Washing Plant
- (23) S 470 feet W 310 feet from E $\frac{1}{4}$  corner, Section 16, T 15S, R 11E, SLBM  
SOURCE: Farnham Ditch

### 3. WATER USE INFORMATION.

HISTORICAL USES TO BE DISCONTINUED DURING THE IMPLEMENTATION OF THIS APPLICATION:

\*-----\*

\*-----\*

\* THE FOLLOWING CHANGES ARE PROPOSED: \*

\*-----\*

## 4. SOURCE INFORMATION.

A. QUANTITY OF WATER: 2.0 acre-feet

B. SOURCE: Mud Creek &amp; Miller Creek

COUNTY: Carbon

C. POINT(S) OF DIVERSION. Changed as Follows:

## POINTS OF DIVERSION -- SURFACE:

(1) N 2,920 feet W 2,130 feet from SE corner, Section 21, T 12S, R 7E, SLBM

(2) N 668 feet W 1,921 feet from SE corner, Section 32, T 12S, R 7E, SLBM

DIVERT WORKS: Portable pump

D. COMMON DESCRIPTION: Scofield

## 5. WATER USE INFORMATION. Changed as Follows:

INDUSTRIAL: from Jan 1 to Dec 31. Rotary &amp; Core drilling

## 6. PLACE OF USE. Changed as Follows:

(Which includes all or part of the following legal subdivisions:)

BASE TOWN RANG SEC	NORTH-WEST¼					NORTH-EAST¼					SOUTH-WEST¼					SOUTH-EAST¼				
	NW	NE	SW	SE		NW	NE	SW	SE		NW	NE	SW	SE		NW	NE	SW	SE	
SL 12S 7E 01	X	X	X	X	***	X	X	X	X	***	X	X	X	X	***	X	X	X	X	
02	X	X	X	X	***	X	X	X	X	***	X	X	X	X	***	X	X	X	X	
03	X	X	X	X	***	X	X	X	X	***	X	X	X	X	***	X	X	X	X	
04	X	X	X	X	***	X	X	X	X	***	X	X	X	X	***	X	X	X	X	
05	X	X	X	X	***	X	X	X	X	***	X	X	X	X	***	X	X	X	X	
06	X	X	X	X	***	X	X	X	X	***	X	X	X	X	***	X	X	X	X	
07	X	X	X	X	***	X	X	X	X	***	X	X	X	X	***	X	X	X	X	
08	X	X	X	X	***	X	X	X	X	***	X	X	X	X	***	X	X	X	X	
09	X	X	X	X	***	X	X	X	X	***	X	X	X	X	***	X	X	X	X	
10	X	X	X	X	***	X	X	X	X	***	X	X	X	X	***	X	X	X	X	
11	X	X	X	X	***	X	X	X	X	***	X	X	X	X	***	X	X	X	X	
12	X	X	X	X	***	X	X	X	X	***	X	X	X	X	***	X	X	X	X	
13	X	X	X	X	***	X	X	X	X	***	X	X	X	X	***	X	X	X	X	
14	X	X	X	X	***	X	X	X	X	***	X	X	X	X	***	X	X	X	X	
15	X	X	X	X	***	X	X	X	X	***	X	X	X	X	***	X	X	X	X	
16	X	X	X	X	***	X	X	X	X	***	X	X	X	X	***	X	X	X	X	
17	X	X	X	X	***	X	X	X	X	***	X	X	X	X	***	X	X	X	X	
18	X	X	X	X	***	X	X	X	X	***	X	X	X	X	***	X	X	X	X	
19	X	X	X	X	***	X	X	X	X	***	X	X	X	X	***	X	X	X	X	
20	X	X	X	X	***	X	X	X	X	***	X	X	X	X	***	X	X	X	X	
21	X	X	X	X	***	X	X	X	X	***	X	X	X	X	***	X	X	X	X	
22	X	X	X	X	***	X	X	X	X	***	X	X	X	X	***	X	X	X	X	
23	X	X	X	X	***	X	X	X	X	***	X	X	X	X	***	X	X	X	X	

SL 12S 8E

SL 13S 7E

[illegible]

[illegible]

SL 13S 8E

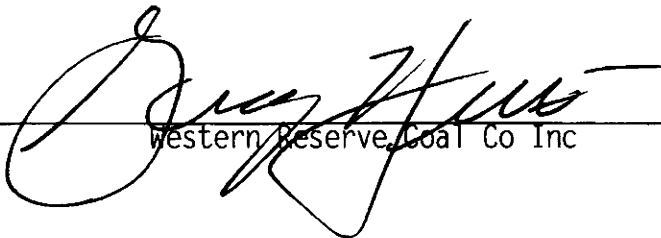
24	X	X	X	X	***	X	X	X	X	***	X	X	X	X	***	X	X	X	X
25	X	X	X	X	***	X	X	X	X	***	X	X	X	X	***	X	X	X	X
26	X	X	X	X	***	X	X	X	X	***	X	X	X	X	***	X	X	X	X
27	X	X	X	X	***	X	X	X	X	***	X	X	X	X	***	X	X	X	X
28	X	X	X	X	***	X	X	X	X	***	X	X	X	X	***	X	X	X	X
29	X	X	X	X	***	X	X	X	X	***	X	X	X	X	***	X	X	X	X
30	X	X	X	X	***	X	X	X	X	***	X	X	X	X	***	X	X	X	X
31	X	X	X	X	***	X	X	X	X	***	X	X	X	X	***	X	X	X	X
32	X	X	X	X	***	X	X	X	X	***	X	X	X	X	***	X	X	X	X
33	X	X	X	X	***	X	X	X	X	***	X	X	X	X	***	X	X	X	X
34	X	X	X	X	***	X	X	X	X	***	X	X	X	X	***	X	X	X	X
35	X	X	X	X	***	X	X	X	X	***	X	X	X	X	***	X	X	X	X
36	X	X	X	X	***	X	X	X	X	***	X	X	X	X	***	X	X	X	X

## 7. SIGNATURE OF APPLICANT(S).

The undersigned hereby acknowledges that even though he/she/they may have been assisted in the preparation of the above-numbered application through the courtesy of the employees of the Division of Water Rights, all responsibility for the accuracy of the information contained herein including maps and other documents attached, at the time of filing, rests with the applicant(s).

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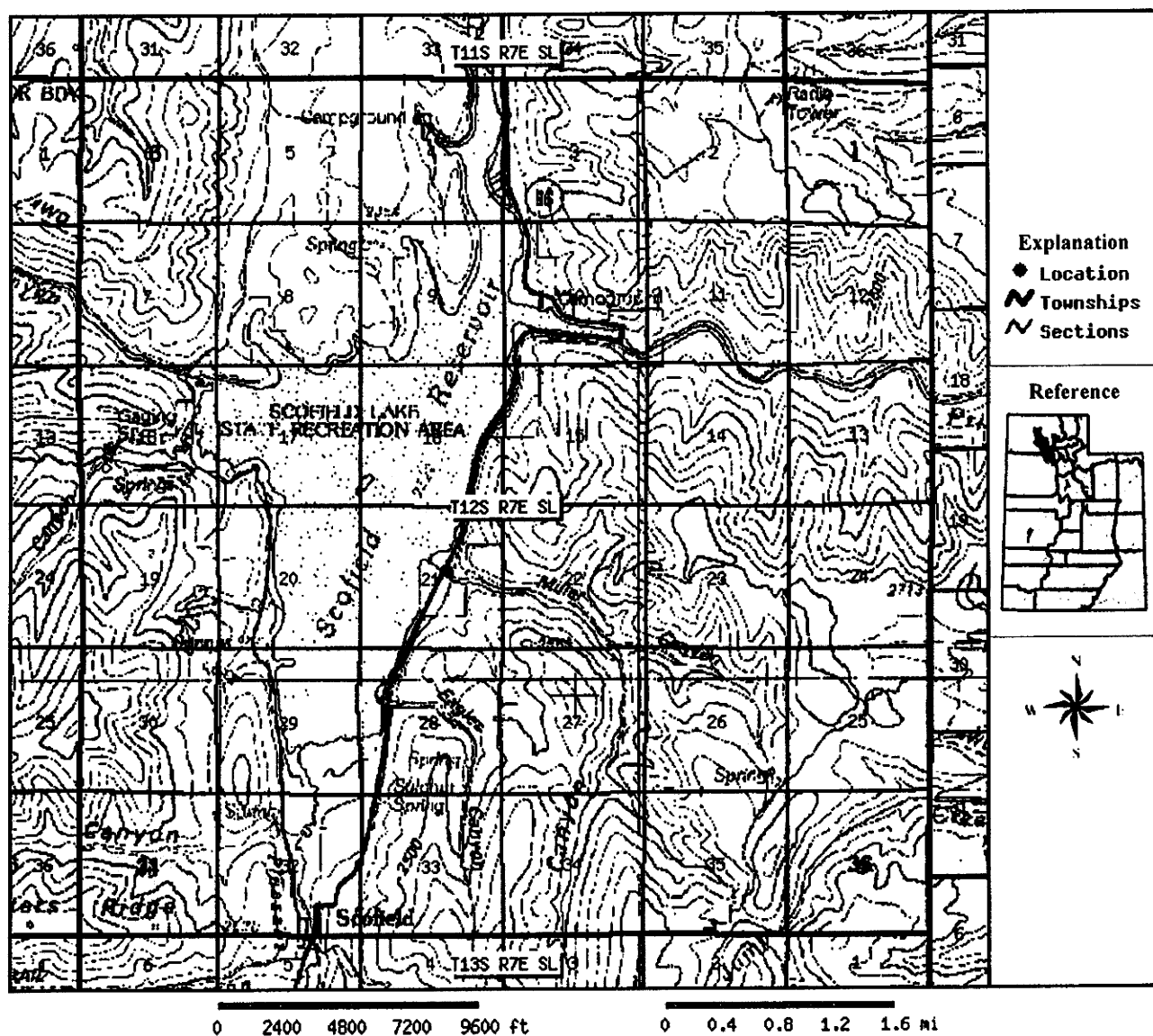
 Price River Water User's Association




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 Western Reserve Coal Co Inc

# Utah Water Right Application Map



Point Location: N 2920 ft, W 2130 ft, from the SE Corner, Section 21, Township 12S, Range 7E, SL B&M

I/we \_\_\_\_\_, hereby acknowledge that this map, was prepared in support of Application \_\_\_\_\_, I/we hereby submit this map as a true representation of the facts shown thereon to the best of my/our knowledge and belief.

*[Signature]*  
Applicant(s)

27 Feb 2012  
Date

# HISTORIC PROPERTY EFFECT EVALUATION

## UTAH DIVISION OF WATER RIGHTS

In accordance with Sec. 9-8-404, Utah Code Annotated, before approving any undertaking the Division must take into account the effect of the undertaking on historic properties and provide the State Historic Preservation officer with a written evaluation.

Project Number (Water Right, Non-Production Well, or Dam Application Number) : \_\_\_\_\_

Project Location : Section \_\_\_\_\_ Township \_\_\_\_\_ Range \_\_\_\_\_ Base & Meridian \_\_\_\_\_

Project Description: If the accompanying application is approved, what physical effects will occur to the land surface (i.e. buildings, pipelines, roads, wells, etc.)?

*No changes to property*

Describe any historic properties that you are aware could be effected by the proposed project.

*None*

Describe any historic property survey you are aware has been conducted at or near the site where the proposed project is to occur.

*None*

Is there a federal or state connection to this project that has/will require a historic property evaluation? Y / N

It is the opinion of the Division the above-described undertaking may / will not affect historic property. For additional information on the proposed undertaking please visit the Division's website at <http://waterrights.utah.gov> or call 801-538-7240.

\_\_\_\_\_/\_\_\_\_\_/\_\_\_\_\_  
Date

WGN-TV

47164  
11861

REGISTERED UNDER TRADE MARK

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THE NATIONAL ASSOCIATION OF  
TECHNICAL TRAINING INSTITUTES

RESERVED FOR THE DIRECTOR

DECLASSIFICATION

**SECRET**

December 2004

১৫৬

# Price River Water Users Association

375 South Carbon Avenue, A-10

Price, Utah 84501

435-613-9793

February 8, 2010

TO WHOM IT MAY CONCERN:

All Certificates of applicants, Certificates of Beneficial Use, etc. that come into the Division of Water Rights will meet our approval.

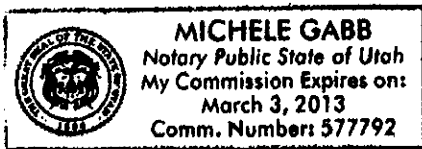
Price River Water Users Assn.

By

William R. Butcher  
Pres.

STATE OF UTAH       )  
County of Carbon ) ss

On the 9 day of February, 2010, personally appeared before me, William R. Butcher, the signer of the foregoing statement, who duly acknowledged to me that he executed the same.



M Gabb  
Notary Public

# REPORT OF WATER RIGHT CONVEYANCE

\$40 Fee Rec'd BY \_\_\_\_\_

Receipt # \_\_\_\_\_

USE THIS CONVEYANCE REPORT FORM WHEN 100% OF THE WATER RIGHT IS CONVEYED.

WATER RIGHT # (One and only one) 91-5152

Pending Change Applications \_\_\_\_\_

Non-use Expiration Date \_\_\_\_\_

## SECTION A. CONVEYANCE SUMMARY

1. Assignment \_\_\_\_\_ Warranty Deed \_\_\_\_\_ Quitclaim Deed ☒ Sheriff's Deed \_\_\_\_\_ Trustee's Deed \_\_\_\_\_ Water Deed \_\_\_\_\_  
Other : \_\_\_\_\_

2. Date Signed 11/28/11 Date Recorded 11/30/11  
Book 759 Page # 646 Recorder's # 813031

3. Grantor Western Reserve Coal Co Inc

4. Grantee(s) Wasatch Natural Resources LLC

5. Mailing Address : 299 S Main St Suite 1300 Salt Lake City, UT 84111

6. Special Conditions of Conveyance \_\_\_\_\_

1. Assignment \_\_\_\_\_ Warranty Deed \_\_\_\_\_ Quitclaim Deed \_\_\_\_\_ Sheriff's Deed \_\_\_\_\_ Trustee's Deed \_\_\_\_\_ Water Deed \_\_\_\_\_  
Other : \_\_\_\_\_

2. Date Signed \_\_\_\_/\_\_\_\_/\_\_\_\_ Date Recorded \_\_\_\_/\_\_\_\_/\_\_\_\_  
Book \_\_\_\_\_ Page # \_\_\_\_\_ Recorder's # \_\_\_\_\_

3. Grantor \_\_\_\_\_

4. Grantee(s) \_\_\_\_\_

5. Mailing Address : \_\_\_\_\_

6. Special Conditions of Conveyance \_\_\_\_\_

1. Assignment \_\_\_\_\_ Warranty Deed \_\_\_\_\_ Quitclaim Deed \_\_\_\_\_ Sheriff's Deed \_\_\_\_\_ Trustee's Deed \_\_\_\_\_ Water Deed \_\_\_\_\_  
Other : \_\_\_\_\_

2. Date Signed \_\_\_\_/\_\_\_\_/\_\_\_\_ Date Recorded \_\_\_\_/\_\_\_\_/\_\_\_\_  
Book \_\_\_\_\_ Page # \_\_\_\_\_ Recorder's # \_\_\_\_\_

3. Grantor \_\_\_\_\_

4. Grantee(s) \_\_\_\_\_

5. Mailing Address : \_\_\_\_\_

6. Special Conditions of Conveyance \_\_\_\_\_

# REPORT OF WATER RIGHT CONVEYANCE

WATER RIGHT # \_\_\_\_\_

## SECTION B. CERTIFICATION

I, \_\_\_\_\_, certify that I retained \_\_\_\_\_ to prepare and submit this Report of Water Right Conveyance on my behalf as the owner (grantee) described in Section A or as the representative of the current owners described in Section A. If this report was prepared as authorized by Administrative Rule R655-3-3, I further certify that the information contained herein or attached hereto is true and accurate to the best of my knowledge.

Signature \_\_\_\_\_

Date \_\_\_\_\_

Phone # \_\_\_\_\_

## FOR LICENSED PROFESSIONALS ONLY

I, \_\_\_\_\_, certify that I am licensed as \_\_\_\_\_ in the State of Utah, that my license number is \_\_\_\_\_, that I have reviewed the attached documents and have prepared this Report of Water Right Conveyance or that it was done under my direct supervision, and that the information contained herein or attached hereto is true and accurate to the best of my knowledge. I further certify that the documents attached hereto evidence the ownership interest of the "New Owner(s)", named in Section A, in the water right interest listed in Section A:

Signature \_\_\_\_\_

Date \_\_\_\_\_

Phone # \_\_\_\_\_

Address: \_\_\_\_\_

This report was prepared for the purpose of updating the records of the Division of Water Rights. This report is not a title opinion based on a complete title search. It does not warrant or guarantee title to water rights.

## SECTION C. DIVISION OF WATER RIGHTS - FOR OFFICIAL USE ONLY

Received: \_\_\_\_\_ / \_\_\_\_\_ / \_\_\_\_\_ Filed: \_\_\_\_\_ / \_\_\_\_\_ / \_\_\_\_\_ Reviewed By: \_\_\_\_\_

Database Changed: \_\_\_\_\_ / \_\_\_\_\_ / \_\_\_\_\_ By: \_\_\_\_\_

File Changed: \_\_\_\_\_ / \_\_\_\_\_ / \_\_\_\_\_ By: \_\_\_\_\_

New File Number based on Segregation \_\_\_\_\_

Remarks: \_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

AMOUNT OF WATER RIGHT RETAINED \_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

No agency of the State of Utah warrants or guarantees title to certain water rights. The water right ownership information of record in the Division of Water Rights concerning this water is based on the information which has been submitted by this Report of Water Right Conveyance.

REPORT OF WATER RIGHT CONVEYANCE

Recorded at the Request of: South Eastern Utah Title Co.  
Order No. 80940-C  
Mail to:  
Wasatch Natural Resources, LLC  
Level 1  
33 Ord Street  
West Perth Western Australia 6005

Ent 813031 Bk 759 Pg 646  
Date: 30-NOV-2011 2:11:13PM  
Fee: \$15.00 Charge  
Filed By: VB  
VIKKI BARNETT, Recorder  
CARBON COUNTY CORPORATION  
For: SOUTH-EASTERN UTAH TITLE CO

## WATER QUITCLAIM DEED

WESTERN RESERVE COAL COMPANY, INC., a Nevada corporation  
and  
CARBON RESOURCES, LLC, a Nevada limited liability company

Grantors, hereby quitclaim(s) to

WASATCH NATURAL RESOURCES LLC, a Delaware limited liability company

Grantee's, for the sum of ten dollars and other good and valuable consideration, the following described WATER RIGHT located in Carbon County, State of Utah, to-wit:

**WATER RIGHTS EVIDENCED BY WATER RIGHT NO. 91-5152 ON FILE WITH THE STATE OF UTAH ENGINEERS OFFICE, FOR 2 SHARES OF PRICE RIVER WATER USER'S - STOCK CERTIFICATE NO. 8289.**

**PLACE OF USE LOCATED ON THE FOLLOWING DESCRIBED PROPERTY:**

Sections 33, 34, 35, and 36 in Township 12 South, Range 7 East SLB&M

**POINT OF DIVERSION LOCATED IN:**

Section 32, in Township 12 South, Range 7 East SLB&M

Witness the hand of said grantor, this <sup>25</sup><sub>28</sub> day of November, 2011.

Western Reserve Coal Company Incorporated, a Nevada corporation

By: John H. W. Reeves  
John H. W. Reeves, its President

STATE OF UTAH <sup>Colorado</sup> ~~Utah~~ <sub>KSD</sub>  
COUNTY OF CARBON <sup>Pueblo</sup> ~~Carbon~~ <sub>KSD</sub>

On the <sup>28</sup><sub>25</sub> day of November, 2011, before me the undersigned Notary Public, personally appeared, John H. W. Reeves and known to be the President of Western Reserve Coal Company Incorporated, a Nevada corporation, and that the within and foregoing instrument was signed and duly acknowledged before me.

KIMBERLY S. DIAMOND  
Notary Public  
State of Colorado  
My Commission Expires September 17, 2014

Kimberly S. Diamond  
Notary Public

28/11

Page 2 to Water Quit Claim Deed

Carbon Resources, LLC a Nevada limited liability company

By: WRCC, LLC, its Manager

By: Western Reserve Coal Company Incorporated, a Nevada corporation, its Manager

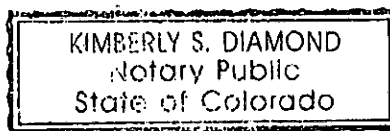
By:

John H. W. Reeves  
John H. W. Reeves, its President

STATE OF ~~UTAH~~ <sup>Colorado</sup>  
COUNTY OF ~~CARBON~~ <sup>Pueblo</sup>

On the 23<sup>rd</sup> day of November, 2011, before me the undersigned Notary Public, personally appeared, John H. W. Reeves and known to be the President of Western Reserve Coal Company Incorporated, a Nevada corporation, managing member of WRCC, LLC, managing member of Carbon Resources, LLC, a Nevada limited liability company, and that the within and foregoing instrument was signed and duly acknowledged before me.

Kimberly S. Diamond  
Notary Public 11/28/11



My Commission Expires September 17, 2014